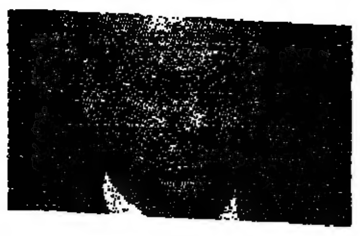


Boris Yeltsin

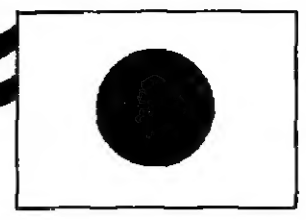
Another year on the high wire

Page 15

Spinning a tale

Courtaulds' latest rival to cotton

Page 9



Economic forecasts for 1993

Martin Feldstein on the US — *Masaru Yoshitomi on Japan*

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FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY JANUARY 5 1993 — D8523A

Klaus Kinkel set to become leader of German FDP

Klaus Kinkel, *former top civil servant* who became German foreign minister last year, is set to become both vice-chancellor in the ruling coalition and leader of the Free Democratic party. He is expected to declare himself as a candidate for the FDP leadership tomorrow. Otto Lambsdorff retires later this year. Page 16

Moi sworn in: Kenyan president Daniel arap Moi was sworn in for a further five-year term as opposition leaders launched a non-violent campaign to overturn last week's poll results. Page 4

Italy blocks Japanese car imports: Italy is blocking further imports of cars from Japan until the European Commission and Japan agree on the number of vehicles to be exported to the EC this year. Page 16

Volksbank shares suspended: Trading in the securities of troubled Swiss Volksbank, Switzerland's fifth largest bank, was halted in advance of an "important announcement" tomorrow. Page 17

Italian inflation slows: Italy's consumer prices rose by 4.8 per cent in December – against 4.9 per cent *the previous month* – *continuing* the steady decline in domestic inflation. Page 2

Mulroney changes cabinet: Several veteran ministers are leaving the cabinet of Canadian prime minister Brian Mulroney amid speculation that Mr Mulroney himself may also step aside *in the next few months*. Page 3

Du Pont, leading US chemicals group, will record a 1992 net loss, following $5bn of one-off charges needed to conform to new US accounting standards. Page 17

Blow to Cambodian peace hopes:

Prince Norodom Sihanouk, Cambodia's head of state, delivered a further blow to the UN's $2bn mission in Cambodia by refusing to co-operate with UN peacekeepers or the Vietnamese-installed *administration in Phnom* Penh. He blamed his decision on the UN's failure to prevent attacks on his son's royalist party. UN officials are organising elections in Cambodia scheduled for May, but have failed to impose a ceasefire between Phnom Penh and Khmer Rouge guerrillas. Page 4

Ethiopian shootings: At least one person *was killed as forces* shot at students in Addis Ababa protesting at the Eritrean policy of Boutros Boutros Ghali. The UN secretary-general was in Ethiopia for a Somali peace conference. Page 4

WestLB, German public-sector bank, raised its stake in the Thomas Cook travel business *from 10 to 90 per cent despite* investigations by the cartel office into its influence over the German travel industry. Page 18

UK computer subsidiary sold: A new UK-owned information technology company will be created through a buyout of McDonnell Douglas *Information Systems from the US* aerospace group in a deal worth at least £200m ($304m). Page 17

Plutonium vessel docks: A Japanese vessel carrying plutonium was due to dock early today near Tokyo after a two-month voyage from France that has attracted international protests. Page 4

Redland, UK building materials group, has raised £100m ($152m) through disposals, of which £58.6m will be reinvested in its continental European tile and brick activities. *Page 17; Lex, Page 16*

Move for Milken: Disgraced financier Michael Milken has been released to a "halfway" house in Los Angeles after serving 22 months in jail for racketeering and securities fraud.

Blockbuster chief quits: Blockbuster, US video rental chain, said Joseph Baczko had resigned as president to be replaced by Steven Berrard, vice-chairman. Page 19

SmallCap index: The FT-SE SmallCap index, measuring 450 smaller UK companies, was calculated for the first time. It closed at 1,377.88, up 14.09 points, rising 1.0 per cent against a 0.5 per cent increase in the FT-SE 100 index and 1.2 per cent in the FT-SE Mid 250 index. The main UK indices all closed at record highs, including the FT-Actuaries All-Share index calculated for the first time in its expanded form. Details, Page 17; Table, Page 25

STOCK MARKET INDICES

FT-SE 100:	2,861.5	(+15.0)
Yield	4.25	
FT-SE Eurotrack 100	1,083.95	(+0.07)
FT-A All-Share	1,373.20	(+0.7%)
Nikkei	16,994.88	(+69.13)
New York: lunchtime		
Dow Jones Ind Ave	3,309.22	(+8.11)
S&P Composite	435.85	(+0.14)

US LUNCHTIME RATES

Federal Funds:	3⅝%
3-mo Treas Bills: Yld	3.146%
Long Bond	103⅟₃₂
Yield	7.341%

LONDON MONEY

3-mo Interbank	7⅛%	(same)
Liffe long gilt future:	Mar 101⅞	(Mar 101⅞)

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$17.975	18.0

Gold

New York Comex (Jan)	$328.1	
London	$329.15	(333.05)

STERLING

New York lunchtime:		
$	1.593	
London:		
$	1.5825	(1.514)
DM	2.4575	(2.4525)
FFr	8.4825	(8.365)
SFr	2.2225	(2.2175)
Y	188.25	(189)
£ Index	79.7	(79.6)

DOLLAR

New York lunchtime:		
DM	1.6355	
FFr	5.5855	
SFr	1.4785	
Y	125.335	
London:		
DM	1.6365	(1.6195)
FFr	5.5925	(5.525)
SFr	1.4795	(1.4655)
Y	125.3	(124.85)
$ Index	67.8	(66.3)
Tokyo close Y 124.9		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft152	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Spain	Pta200		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr15		
Czech	Kcs35	Israel	Shk5.50	Norway	NKr16.00	Switz	SFr3.20		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1 250		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00		

Bundesbank and Bank of France intervene as currency moves towards ERM floor

French franc under pressure

By James Blitz in London, Alice Rawsthorn in Paris and Tim Coone in Dublin

THE BUNDESBANK and the Bank of France yesterday intervened to support the French franc, as weaker currencies in the European exchange rate mechanism came under pressure after the holiday break.

The franc moved closer to its ERM floor against the D-Mark, as dealers continued to speculate on the possibility that the French currency could be devalued. The French and German central banks have *repeatedly* asserted that the current ERM parity is unbreakable.

The punt also came under renewed pressure yesterday inside the ERM on the first full day of trading after the Republic of Ireland's abolition of exchange controls on January 1. The punt fell to its floor against the Belgian franc, one of the strongest currencies in the ERM. Ireland's one-week interbank lending rate market rose to 45 per cent from *15 per cent*.

Yesterday's show of strength by the D-Mark against the franc came despite a powerful rally by the dollar.

Buoyed by a very good set of US economic indicators over the Christmas and new year period, the dollar hit DM1.6413 at one

Lex ....Page 16
Currencies ....Page 32

point.

It later closed at DM1.6365, its highest closing level in Europe since last summer.

The central bank intervention in support of the franc was estimated to be modest. *By the close* of European trading, the franc was at FFr3.419 against the D-Mark, still more than a centime above its ERM floor.

"There are relatively few strong sellers but no one is buying and anyone holding francs has been anxious to cover their position," said Mr Christopher Potts, chief economist at Banque Indosuez in Paris. "Whenever the franc recovers investors switch *to D-Marks, which renews the* pressure."

The franc's weakness was accompanied by a sharp rise in French money market rates, with overnight rates going as high as 13¼ per cent yesterday morning before *falling* back to 12 per cent.

Official French rates were not increased although *further rises* in money market rates might make this unavoidable.

Yesterday's intervention followed weeks of currency speculation in November and December, in which both central banks were forced to support the currency in the markets.

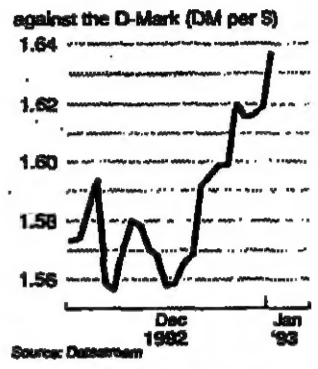
However, the Bundesbank's decision *not to lower its official* rates has not relieved the pressure on the franc.

In Ireland, the Central Bank apparently indicated to the main clearing banks that "extremely punitive rates" would be imposed on banks left "short" of funds, having lent to borrowers for speculative purposes.

Market analysts, economists and business leaders are now in broad agreement that the current interest rate levels cannot be sustained much longer without damaging the Irish economy.

Dollar

against the D-Mark (DM per $)



Source: Datastream

They said that the authorities *were sticking to their "no* devaluation" policy in anticipation of a cut in German interest rates by the end of January which would take the pressure out of the ERM.

Bosnian factions break off peace talks

By Robert Mauthner in Geneva

TALKS BETWEEN the three warring Bosnian factions broke off amid disagreement last night but international mediators said the Geneva conference would resume on Sunday in an attempt to resolve outstanding differences.

Mr Cyrus Vance and Lord Owen, co-chairmen of the conference, *said they would travel to* Yugoslavia in the interval to try to push the peace process forward. Mr Vance said he would be having talks with Mr Slobodan Milosevic, the Serbian leader, in Belgrade.

The meeting was adjourned after the co-chairmen had presented the leaders of the Bosnian Moslem, Serb and Croat communities with draft agreements for their signature. But only Mr *Mate Boban, the Bosnian Croat* leader, signed the documents, consisting of a political agreement on Bosnia's future constitution and division into 10 provinces, and an agreement on ceasefire and troop withdrawals.

Mr Alija Izetbegovic, Bosnia's president, though agreeing with the constitutional proposals by the co-chairmen, *if* not the boundaries of the new provinces, signed neither the political or *military document*. Mr Radovan Karadzic, the Bosnian Serb leader, said he needed more time for reflection and had to consult his government colleagues.

However, Lord Owen said at a news conference that there should be no illusions that great

Bosnia's Moslem president Alija Izetbegovic outside the Palais des Nations peace talks in Geneva yesterday

changes could be made to the proposals unless all three of the protagonists agreed on modifications.

Lord Owen made clear that one of the main stumbling blocks was the Bosnian Serbs' demand for an independent Serbian Bosnian state within Bosnia-Hercegovina, which was incompatible with the co-chairmen's proposal for an independent sovereign Bosnia-Hercegovina.

The co-chairmen said the discussions would have continued tomorrow if the orthodox Christmas holiday had not intervened.

The other main question remaining unresolved concerned the co-chairmen's *map for* a division of the country into 10 self-governing provinces.

Mr Karadzic was also resisting a proposal by the international mediators under which all heavy weaponry in Bosnia-Hercegovina would be placed under effective United Nations control, once a ceasefire had been implemented.

Meanwhile, the Bosnian Moslems put a damper on their demands for an adjustment of the provincial boundaries proposed by Mr Vance and Lord Owen, in an effort to divert attention from their own intransigence to the inflexible stand taken by Mr Karadzic on constitutional and military questions.

Mr Izetbegovic was aided in his task by the statement of Mr Fred Eckhard, the co-chairmen's spokesman, that the Bosnian Serb leader's position on the con

Continued on Page 16
Moslems and Serbs seek to dodge blame, Page 2

Watch on single market turns up complaints

By Andrew Hill in Brussels and Charles Batchelor in London

A NUMBER of EC countries have been accused of failing to abolish controls on people and goods only four days after the European Community formally launched the barrier-free internal market.

Euro Citizen Action Service, a Brussels-based lobby group for citizens' rights, said *yesterday* it had already received several "substantial" complaints about *controls, via a fax and telephone* hotline which was opened yesterday and will run all this week.

In London, the Department of Trade and Industry's single market telephone hotline received about 250 calls yesterday. Some callers appeared to have woken up to the implications of the single market at the last moment, an official said.

Popular requests were for information on the rules governing *the transferability of professional* qualifications in Europe and for a guide to sources of advice on the EC. Inquiry levels were about average for a Monday, which was usually the busiest day of the week, the DTI said.

In recent months the DTI *1992* Helpline received an average of 1,000 calls a week and an estimated total of 300,000 since it was *set up four years ago.*

The European Commission's London office also reported a high level of inquiries but other business advice agencies reported a quiet start to the single market.

Mr Tony Venables, director of Ecas, said that judging from the 70 calls received, there was still considerable confusion about the *lifting of controls. He managed to* persuade British immigration officials at London's Gatwick airport *to allow him into* the UK this weekend without presenting his passport, but other travellers have been forced *to* show their documents.

Britain has said it will not abolish passport checks on travellers within the EC, although it has promised to lighten controls on EC citizens. But Mr Venables said: "*As far as we can gather at* the moment, customs officials have not been given any specific *advice*."

Ecas is likely to pursue allegations about British immigration authorities persisting with passport checks. In addition, the organisation could well follow up

Continued on Page 16
Threat to EC harmony, Page 5

Japan's tax rules change will benefit foreign manufacturers

By Robert Thomson in Tokyo

THE JAPANESE government is almost certain to approve a change in tax regulations to provide increased incentives for foreign manufacturers exporting to Japan.

After negotiations with the Ministry of International Trade and Industry, the Ministry of Finance has agreed to relax controls on a controversial tax-break system introduced in 1990 to increase manufactured imports and reduce Japan's *trade surplus*.

Under the present system, foreign manufacturers' distribution *subsidiaries* in Japan are classified for tax purposes as "non-manufacturers", as they are con*sidered trading* houses rather than producers. This denies them tax credits on imports.

The EC and US lodged complaints about this classification system, which has allowed Honda *Motor* and other Japanese manufacturers to claim tax credits, but excluded European car and electronics makers which do not have factories in Japan.

It is understood that the amendments will be presented to parliament next month and the finance ministry will advise that the changes should apply from April 1.

A second important change is that the original legislation required foreign manufacturers *to increase exports to Japan* by at least 10 per cent year on year before becoming eligible for the *tax credits*, which are equivalent to 5 per cent of the value of the increase in exports.

The finance ministry has agreed to lower the increase hurdle to 2 per cent, above which a rising scale of credits will apply up to the same maximum of 5 per cent. For non-manufacturers, the same scale will apply, allowing them to defer payment of 20 per cent of the tax due on the increased exports.

Miti is pleased that the finance ministry has relented after three years of negotiation, as the system, intended to help foreign manufacturers, has instead created trade friction with Washington and Brussels.

"We have heard many complaints from companies like Philips and BMW, and we understood *why they* were unhappy. When we introduced the original tax breaks, we did not intend to discriminate against foreign companies, but it turned out that we needed to change the way we looked at tax collection," a Miti official said.

The ministry hopes that the reforms will be recognised by other governments as a sign that Japan is attempting to reduce its large and growing current account surplus, which was a record $106.2bn over the first 11 months of 1992. The previous record was $87bn during 1987.

Rebound with risks, Page 14;
Car imports curbed, Page 16

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NEWS IN BRIEF

Single market jobs fight in France

FRENCH labour leaders yesterday demanded that the government find local work for the 4,000 customs agents likely to be transferred or to lose their jobs under the European Community's single market, AP reports from Paris.

Most tariff and other customs barriers fell on January 1 with the single market's advent. The CFDT labour union said that the planned transfers would mean hardship for the agents now living along France's borders, and in Paris and Lyons. It demanded that the Finance Ministry give them local administrative positions in the areas where they live.

More killed in Abkhazia clashes

At least 17 people were reported killed in recent intensified fighting in Georgia's breakaway Black Sea region of Abkhazia, writes Reuter from Moscow.

The Itar-Tass news agency said that Abkhazian separatists shelled the regional capital, Sukhumi, yesterday, killing four people, including a four-year-old girl.

The agency quoted Abkhazian leader Vladislav Ardzinba as saying that Georgian forces had killed at least nine people in rocket and artillery attacks on local villages on Sunday.

Hundreds of people have been killed in the Georgia-Abkhazian conflict since August, when Georgia sent in troops in response to local demands for greatersovereignty.

Divided states seek UN entry

The new Czech Republic and Slovakia yesterday applied for membership of the United Nations, writes AP from New York. UN officials said that the two republics could be admitted as early as mid-January. The new nations split their 74-year-old homeland at midnight on New Year's Eve.

Macedonia, a former Yugoslav republic, is expected to apply for membership early this year. Officials said that they had no information about a formal application but that Macedonian officals had said they intended to apply. Greece *has been trying to block* international recognition of Macedonia, saying that it has usurped the ancient name of Greece's northern province of Macedonia.

Greece yesterday cautioned the five permanent members of the UN Security Council not to make a hasty decision, warning that recognition could undermine stability in the region.

Wrapping shrinks in Germany

Excessive packaging of consumer goods sold in Germany has largely disappeared since an anti-rubbish law came into force last April 1, Mr Klaus Töpfer, environment minister, said yesterday, Reuter reports from Bonn.

Under the law, shoppers unhappy with packaging added to make goods more attractive can take the wrapping off in the shop and dump it there to be picked up by the manufacturers.

Nearly three quarters of all German drinks were now sold in reusable containers, a slight increase over the last year, Mr Töpfer said.

French schools to take in homeless

France's education minister, Mr Jack Lang, yesterday ordered schools and universities to shelter the homeless from a week-old cold spell that has killed seven people, reports Reuter from Paris. "It is intolerable in a country like ours," Mr Lang said, "that someone could die of exposure at night because they have been refused a roof, some heat and some food."

He instructed state schools to shelter the homeless during the night. Temperatures have dropped below freezing throughout France, reaching minus 15 Celsius in places.

In Italy, the death toll rose to four as a freak spell of wintry weather continued to grip the country, covering the normally mild south with a thick layer of snow. The Interior Ministry is sending 600 men from its Civil Protection Unit to provide emergency aid for parts of the south which have been without water and electricity for several days.

Bosnia protagonists jockey for best position in case talks break down

Moslems and Serbs both seek to dodge blame

By Robert Mauthner in Geneva

BOSNIAN Moslems and Serbs were yesterday jockeying for positions in the negotiations on a solution of the conflict in Bosnia-Hercegovina which would enable them to blame each other for any breakdown.

Mr Alija Izetbegovic, the Bosnian Moslem president, who has come under heavy pressure from Mr Cyrus Vance and Lord Owen, the two international mediators chairing the conference, to accept a plan for the territorial division of the country into 10 largely autonomous provinces, yesterday succeeded in shifting the emphasis on proposals which the Bosnian Serbs find difficult to accept.

The spotlight suddenly switched from the proposed new provincial boundaries, some of which the Moslems want to modify, to constitutional and military proposals which Mr Radovan Karadzic, the Bosnian Serb leader, rejected, at least in the first instance.

Helped by the pressure which the co-chairmen were suddenly putting on Mr Karadzic, who only yesterday appeared to be cast in a much more conciliatory role than the Bosnian Moslems, Mr Izetbegovic yesterday clearly laid down his minimum two conditions for an agreement.

The conference would fail if the Bosnian Serbs did not accept the Vance-Owen constitutional proposals under which Bosnia-Hercegovina would become an independent sovereign state, based on democratic principles and a division of the country into self-governing provinces.

His government would also refuse to sign any agreement which did not specifically include the placing of all heavy weapons in Bosnia-Hercegovina, such as tanks, artillery and missiles, under effective United Nations control. Both demands were supported by the Bosnian Croats, Mr Izetbegovic claimed.

Mr Izetbegovic, who hardly referred to the boundary alterations which his delegation had demanded so persistently at the weekend to the co-chairmen's provincial map, made it clear that, in the event of a breakdown in the negotiations, his country was prepared to continue its combat against the Bosnian Serbs.

Even in the absence of international military intervention, "we have a lot of our boys ready to fight for our freedom and the survival of the Bosnia-Hercegovina people," he said.

That does not mean that Mr Izetbegovic has suddenly dropped his demands for territorial adjustments, set out on an alternative map which the Bosnian Moslems have issued. But disputes over the boundaries affect only three of the ten proposed provinces and the Bosnian Serbs and Croats have already said that compromise deals are possible.

Whether Mr Karadzic was prepared to compromise on constitutional and military matters remained an open question.

The co-chairmen's proposal for the creation of an independent and sovereign Bosnia-Hercegovina, whose constituent provinces would not have the right to forge any international relations of their own, directly contradicts the Bosnian Serbs' demand for the creation of their own separate state. Such "a state within a state" could eventually link up with the Serbian motherland, they firmly believe.

On the military issue, the Bosnian Serbs are clearly loth to withdraw their heavy weapons from their present positions and to place them under international control.

All the warring factions are acutely conscious of what they stand to gain or lose in international support if they are held responsible for a failure of the current negotiations. If the Bosnian Moslems succeed in their tactics of pinning the blame on their Serb adversaries, the likelihood of international action to enforce the air exclusion zone over Bosnia will have increased substantially.

If, however, the Bosnian Moslems are seen as the main stumbling block to an agreement, as they were during the first two days of the conference, they will stand a much smaller chance of persuading the international community to come to their military aid.

Old ways dull the call to a new Ukraine

Chrystia Freeland and **Edward Balls** on reluctance to reform

ONE OF the former Soviet Union's few military-industrial enterprises that could make a relatively smooth transition to the market economy is Ukraine's Black Sea Shipyard in Nikolayev. But its director, Mr Yuri Makarov, seems in no hurry to usher in the new era.

Mr Makarov is reported to be giving no encouragement to western companies keen to place million-dollar orders for double-hulled oil tankers with the shipyard.

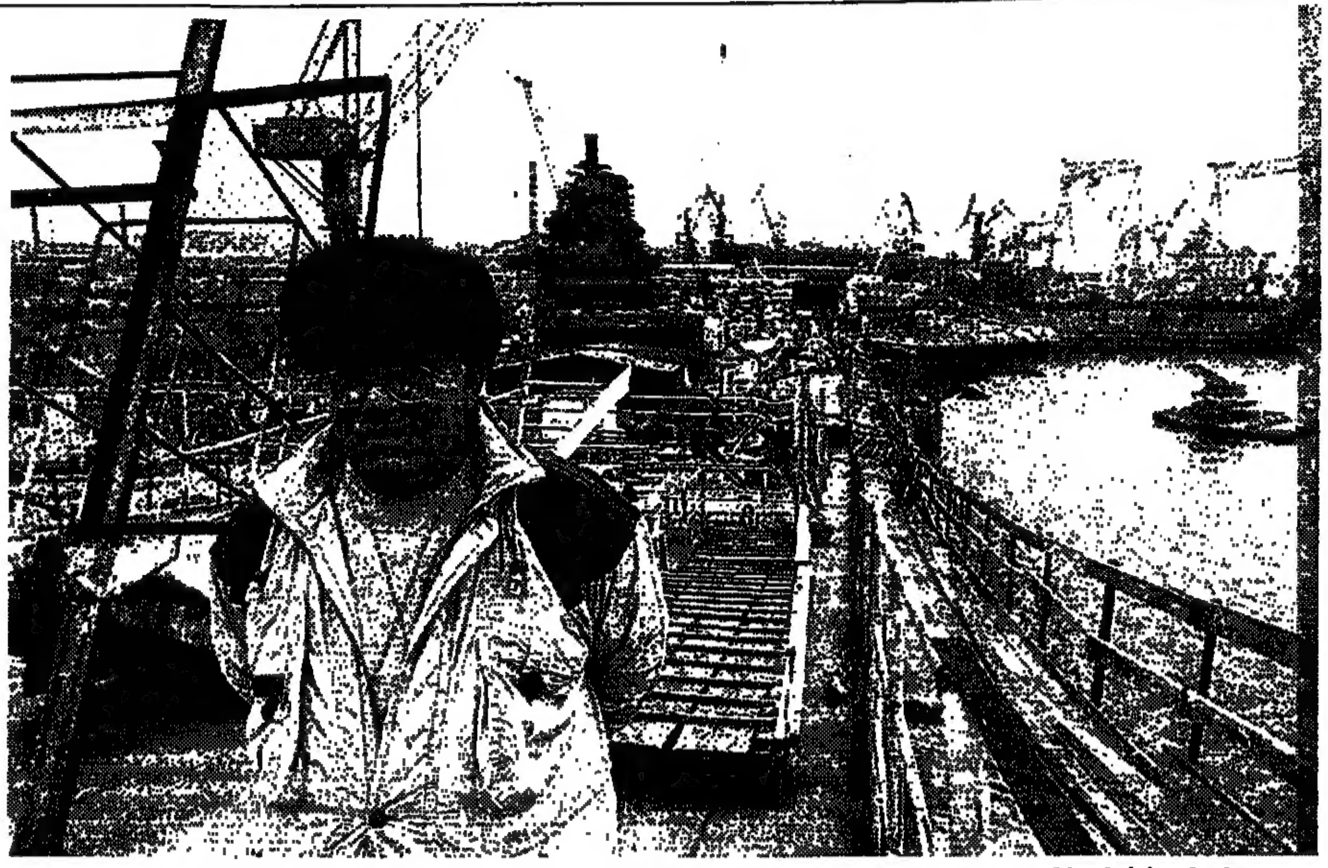
"Tankers are just empty boxes with nothing like the technical sophistication of an aircraft carrier," Mr Makarov says, with a disdainful nod toward the bulky oil tankers which can fetch $30m (£19.7m) a piece.

Instead, with fond memories of the shipyard's more glamorous past, he says: "Building an aircraft carrier – now that's true technology."

Mr Makarov, a bulky, genial man edging towards retirement, finds it difficult to accept that, with little prospect of military orders from Ukraine's bankrupt and inflation-plagued government, the days of building giant aircraft carriers are gone – at least for the foreseeable future.

Low labour costs and an upsurge in demand for double-hulled oil tankers in the aftermath of the Exxon Valdez spill might just make it possible for the Black Sea Shipyard – in a leaner and partly privatised incarnation with a foreign partner – to make a profit.

Ukraine's Black Sea Shipyard is located at Nikolayev



Yuri Makarov at Nikolayev: for him conversion of the former Soviet Union's warship yards means "everything is lying dead"

The European Bank for Reconstruction and Development is considering offering finance and help in the restructuring if the shipyard spins off its tanker and marine production facilities into a separate private venture.

The EBRD estimates that if the privatised arm of the factory were to sell three tankers and 2,500 tonnes of marine chain a year it could operate profitably while more of its plant is converted to non-military production.

"Military conversion is a priority area for the EBRD," says Mr Ron Freeman, first vice-president for merchant banking. "But, as you can see from the Nikolayev project, *management commitment is paramount* before anything can go ahead."

The yard's deputy director, Mr Boris Goldberg, is eager to adopt the EBRD plan, despite the hostility of the director, and says he is ready to lay off up to 40 per cent of the workforce to make the factory more efficient.

He has powerful supporters. Mr Anatoli Kinakh, the Ukraine government's regional representative in Nikolayev and a man of considerable influence in Ukraine's centralised polity, backs the partial privatisation and conversion of the shipyard and insists the deal will go ahead.

The yard itself is littered with piles of metal, the remains of an aircraft carrier which took six years to build – and six months to dismantle for scrap. Towering over them is the graceful but unfinished *Variah*, the Viking, which was 65 per cent completed when the Ukrainian government *decided to stop pouring money* into a ship that it was unlikely ever to use or sell.

A minority of the workforce is building trawlers for which no market exists, but most are idle and absent. "This is what conversion means for us," Mr Makarov says as he walks across the abandoned, rusting skeleton of the Variah. "Everything is lying dead."

The profligate ways of Mr Vitolv Fokin, Ukraine's recently ousted prime minister, have given the Black Sea Shipyard, like the rest of the country's lumbering state sector, the luxury of hesitation.

Over the past six months, the Black Sea Shipyard has received Rbs3bn in unbacked bank credits at an interest rate of 5 per cent a year, according to government officials. These cheap loans allow Mr Makarov to pay his 25,000 employees the generous salary of Rbs18,000 a month and mourn the passing of the cold war.

Mr Makarov's story is a familiar one in Ukraine. Over the past year the government has issued more than Rbs1,100bn in credit to prop up the inefficient state sector and prevent politically difficult bankruptcies and lay-offs.

The result is the creeping hyperinflation, now more than 30 per cent a month, which threatens to undermine Ukraine's fledgling currency, the coupon. "If net credit emission does not soon cease, it will seriously undermine the government's stabilisation policy," says Mr Oleh Havrylyshyn, deputy minister of finance.

Mr Leonid Kuchma, Ukraine's new and reform-minded prime minister, has said large-scale credits to state industries must stop. But Mr Havrylyshyn suspects that in November, while Mr Kuchma was recovering from a thyroid operation, the central bank ignored his moratorium on the emission of new credit.

Moreover, last month the government issued a further Rbs229bn in subsidies to coal and agriculture which will push the budget deficit toward 40 per cent of gross domestic product for 1992.

Such monetary credits would have to be stopped if Ukraine is to bring inflation under control and meet the strict monetary targets the International Monetary Fund is demanding as a condition of western aid.

Ukrainian officials say the IMF, which recently sent a mission to Kiev, wants Ukraine to pare its budget deficit down to 6 per cent of GDP next year and inflation to 3 per cent in the last quarter of 1993.

Yet chastened by the political difficulties provoked by orthodox monetary policies in Russia, Ukrainian reformers are worried about the political consequences of forcing state factories to break their addiction to government subsidies overnight.

World Bank economists in *Ukraine, say that a combina*tion of stabilisation, liberalisation and western aid is needed to finance the budget deficit without printing money. But for the 50 or 60 largest enterprise in the country, in particular the large loss-makers, the government should prepare individual plans to phase out subsidies gradually, thus giving the private sector time to grow and soak up unemployment.

Unrest in Polish mines eases

By Christopher Bobinski in Warsaw

LABOUR unrest in Poland's coal mines abated yesterday, leaving the government free to address mounting budget problems which threaten to delay agreement on a crucial 14-month standby loan from the International Monetary Fund.

The IMF has yet to approve a letter of intent predicated on a 1993 budget deficit of not more than Zl 80,000bn (£3.3bn), or about 5 per cent of GDP. This year's budget has yet to be accepted by parliament but several votes last week on public-sector pay and housing loans have already increased outlays by Zl 10,000bn.

The continuing budget debate in parliament could push the deficit over Zl 100,000bn. "The situation has put Mr Jerzy Osiatynski, the finance minister, in a difficult position and is becoming a serious test of the Polish cabinet's commitment to tight money policies," a western financier said yesterday.

Poland needs the $660m (£434m) loan from the Fund to go ahead with a further 20 per cent reduction in its western government debt agreed in 1991, and to resume debt restructuring talks with western commercial banks.

Miners at more than 50 of the 65 Silesian coal mines, who have been on strike for three weeks, yesterday heeded a call by Solidarity trade union leaders to return to work. But rival unions denounced Solidarity's new year's eve deal with the government on restructuring the industry and easing its financial burdens.

The agreement with Solidarity committed the government to doing little more than it had already planned, unionists from the breakaway Solidarity 80 movement said at the Makoszowy mine, which, with three other pits, stayed out on strike yesterday.

Meanwhile, in Lodz, an important textile centre where unemployment is over 20 per cent, Solidarity leaders yesterday called for a regional strike while talks continued in Warsaw with Mr Jacek Kuron, labour minister, on the region's problems.

● Mr Leszek Balcerowicz, Poland's former deputy premier and finance minister and a proponent of free market policies, has agreed to become a member of President Lech Walesa's 49-strong Council of Economic Advisers which meets for the first time today.

Mr Balcerowicz has held no public role since giving up his government post at the end of 1991.

Corrections

Hewlett-Packard

Professor Stephane Garelli, a consultant to Hewlett-Packard, was incorrectly described yesterday as the company's regional chief executive. That position is held by Mr Franco Mariotti.

Cenelec

The address for Cenelec, the European Committee for Electrotechnical Standardisation, was incorrect in yesterday's issue. It is Rue de Stassart 35, B-1050, Brussels, Tel (322) 519 6871. CEN, the European Committee for Standardisation, is at Rue de Stassart 36, B-1050, Brussels, Tel 519 6811.

Italian inflation rate shows further fall in December

By Haig Simonian in Milan

ITALY'S consumer prices rose by an annualised 4.8 per cent in December, continuing the year's steady decline in domestic inflation but remaining well above the rises in many of the country's main trading partners.

The rate in December compares with a rise of 4.9 per cent in November. It is down sharply from 6 per cent the previous December and reflects the success of government policy in holding down price increases and the impact of recession on the economy.

However, the favourable data were not enough to take pressure off the lira, which fell to L1,512.33 against the dollar and L924.12 against the D-Mark, according to the Bank of Italy's indicative quotations.

After heavy speculative attacks in afternoon trading, the lira fell even further, hitting its lowest level against the dollar since 1986.

The outlook for Italian inflation in 1993 is mixed. Official policy to freeze public-sector prices and limit bank lending should help to combat inflation, but domestic prices will come under mounting upward pressure as the effect of September's lira devaluation starts to feed through.

The lira is now floating against other European currencies in the exchange rate mechanism. Although well above the low levels against the D-Mark after devaluation, when the lira fell to almost L1,000, the currency is still more than 20 per cent below its pre-devaluation parity.

The government has shown its determination to contain inflation by restricting or freezing many public-sector price increases. The cabinet committee responsible for state-sector prices last week approved a long-awaited plan to reform telephone tariffs by letting the Stet telecommunications holding company introduce a "price cap" system for tariffs.

The scheme allows for telephone tariffs to be increased automatically, subject to meeting pre-set quality and productivity criteria.

However, ministers have yet to decide when the new system should be introduced, surprising the many analysts who expected it to be inaugurated from the beginning of this year.

French power group pledges cuts in tariffs and debt

By David Buchan in Paris

THE FRENCH power utility, Electricité de France, will today promise to cut tariffs by 1.25 per cent a year up to 1996 and to reduce its indebtedness by nearly a quarter over the next four years.

These commitments are contained in the latest EdF long-term contract with its owner, the French state, which will be signed today.

EdF officials say they are the fruit of considerable productivity gains in recent years which leave the French utility well-*poised to make further inroads* into the electricity markets of its neighbours.

EdF already exports about 12 per cent (54bn kilowatt hours in 1991) of its electrical output generated in France, chiefly to the UK, Italy and Switzerland. It has contracts that will push these exports up to 70bn kilowatt hours by 1997.

EdF said yesterday it had no plans to increase direct exports further, but rather to expand into foreign joint ventures in Spain and the eastern states of Germany. This is partly because of sensitivity over its exports, particularly in Britain, with which EdF has a cross-Channel link.

The company stressed that its progressive 1993-96 price reductions would be in its domestic market, and that it *did not disclose* what it charged for its power exports. But the latter could be very competitively priced, given the productivity gains EdF claims.

Edf will be taking advantage of a relative lull in its investment programme to reduce its overall debt from FFr195bn (£23.69bn) last year to FFr155bn by 1996. Such a reduction would make EdF a more attractive privatisation prospect, though the utility is hardly on the priority list of public companies for sale by the centre-right government that is expected to take office after the March parliamentary election. Early in the next century, EdF faces the task of renewing the nuclear power plants which provide 75 per cent of its electricity.

● French basic monthly salaries excluding bonuses and overtime rose by 0.7 per cent in the third quarter of 1992, giving a year-on-year increase of 3.6 per cent, the Labour Ministry said, Reuter reports from Paris.

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Most emollient hearing may be for Lloyd Bentsen's Treasury posting

Clinton team faces gentle Senate test

By Jurek Martin in Washington

SENATE confirmation of President-elect Bill Clinton's new cabinet begins this week.

In spite of earlier threats by *Republicans to subject* the nominees to what has become known as the "Tower test", no one appears to face the risk of rejection – the fate that befell Mr John Tower, President George Bush's choice as defence secretary four years ago. He was undone mostly by revelations about his private life.

While no one can be approved in office before the president's inauguration on January 20, several may follow later that day or soon after.

The Democratic party's 57-43 *edge in the Senate should* provide sufficient insulation against rejection, but it is three votes short of being filibuster-proof and the elasticity of Senate rules makes procedural delays possible.

Those likely to face the toughest questioning are Mr Ron Brown, the choice for the Commerce Department, Mr Robert Reich, labour secretary-designate, and Ms Donna Shalala, due to take over health and human services.

Mr Brown, who faces the Senate commerce committee tomorrow, is the quintessential Washington lawyer-insider, which helped make him such an effective national Democratic chairman over the last four years.

Political lobbyists, however, are not too popular at the moment, as Mr Clinton's tough new ethical standards for senior members of his administration attests, and Mr Brown's law firm has represented a number of foreign governments and corporations. These include Haiti when it was run by President "Baby Doc" Duvalier.

Mr Reich's voluminous writings over the last decade will provide critical senators with plenty of ammunition for what could be entertaining hearings, beginning on Thursday. Mr Clinton intends to give his close friend a higher profile than labour secretaries have enjoyed in recent years, with particular emphasis on industrial retraining.

Ms Shalala may be a target of Republican conservatives concerned she will push those policies favouring reproductive choice so vigorously opposed by the Reagan and Bush administrations. She has also spent more time in the field of education than in the areas covered by her new portfolio.

Hearings for the main foreign and security policy nominees will mostly take place next week, although there is a chance that the Senate armed services committee may begin its questioning of Mr Les Aspin, picked as defence secretary, on Thursday.

The most emollient session is likely to be next week when the Senate finance committee hears from Mr Lloyd Bentsen, the Treasury secretary-designate who has been the committee's chairman for the last six years.

If the cabinet makes it through unscathed, history suggests that some secondary-level appointments subject to Senate confirmation could face rougher proceedings.

The pro-life knives, for example, are out for Dr Joycelyn Elders, head of the Arkansas Public Health Department, who has been nominated to take over as surgeon general next summer and who is a leader of the pro-choice movement.

President-elect Bill Clinton: hopes to see cabinet nominees come through hearings unscathed

Mulroney rejigs Canadian cabinet ahead of poll

By Bernard Simon in Toronto

SEVERAL veteran Canadian ministers are stepping down as part of a cabinet shuffle designed to freshen the face of the Progressive Conservative government ahead of the next general election.

Those stepping down include Mr Marcel Masse, the controversial defence minister; Mr Jake Epp, energy minister; *and Mr Robert de Cotret*, secretary of state.

Announcing the shuffle yesterday, Mr Brian Mulroney, who has been prime minister since September 1984, gave no clue to his own intentions. Speculation is rife that he will also step aside in the next few months. His personal popularity remains at rock-bottom with only about one in five *voters approving of his performance*. It is widely thought that a new leader would greatly improve the Conservatives' chances in the election, likely to be held in the summer or early autumn.

The latest shuffle will trim the cabinet from 39 to 35 ministers, in keeping with efforts by the government to project an image of restraint and *improved efficiency*.

Mr Masse will be succeeded as defence minister by Ms Kim Campbell, who previously held the justice portfolio. Ms Campbell, a forceful and bilingual British Columbian, is the favourite to take over as party leader if Mr Mulroney quits.

Mr William McKnight, previously agriculture minister, takes over the energy portfo*lio*.

Mr Mulroney said another reshuffle was likely before the election. Several other senior ministers are said to be contemplating their futures and may announce their retirement from politics before the election. These include Mr Michael Wilson, the trade and industry minister. ment.

Argentines taxed by economic recovery

Reforms are under pressure, reports John Barham

FOR the first time in years Argentines have a government strong enough to make them pay their *taxes*.

The crackdown on tax evasion is a central feature in Argentina's extraordinary economic recovery: by dragging hundreds of thousands of people into the tax net, the government can finance itself without printing money for the first time in a generation.

The political consequences are intriguing. Argentines are rediscovering that tax payments also give them the right to decide how money is spent, that government resources are limited and, thus, that they have a personal stake in how they are governed.

The government forecasts that, by raising tax revenues by a third to £14.4bn, it will have a balanced budget this year. Virtual elimination of the budget deficit has already cut inflation to less than 20 per cent a year – from a record 197 per cent a month in July 1989 – and, as a result, the economy is growing rapidly.

Previous governments, both civilian and military, lacked either the power or the legitimacy to collect taxes, so from the first military coup d'état this century, in 1930, they simply printed money. Few countries can match Argentina's ensuing inflation and massive devaluations, its vicious juntas, its Kafkaesque bureaucracy, its corruption, or its visceral aversion to paying taxes.

Now Mr Domingo Cavallo, economy minister, says inflation and devaluation are no longer options. He has made the currency convertible and required the central bank to hold reserves equivalent to the entire money supply. The result *may be an overvalued* currency, but Mr Cavallo says convertibility is "brutal, ultra-realist. It removes from all sectors [the ability] to evade reality. All sectors used to believe there was always a rabbit in the top hat."

As well as raising taxes, President Carlos Menem is dismembering the corrupt and inefficient state, eliminating the over-regulation that justified its existence but suffocated the economy. Nearly all state companies are being privatised this year and the civil service is being decimated. This attack is hugely popular.

However, Mr Menem has left little in its place. Mr Miguel Angel Broda, a *business consultant, warns: "The state is as inefficient in providing education as it was in making steel.* We need a small but efficient state."

The atrocious social services are especially worrying now that Mr Cavallo's economic reforms are beginning to hurt. Real wages are falling and wealth is becoming more concentrated. Mr Ricardo Gutierrez, Treasury secretary, admits: "Growth creates losers as well as winners. We need a safety net, an efficient and *rapid social service system.*"

Failure to respond to social demands could threaten the future of economic reform. Reform in Chile was imposed by a military junta and in Mexico by a one-party state. In Latin America, only Bolivia has succeeded in combining it with democracy.

The difficulty in Argentina is that the people's will – expressed in regular, fair and free elections – may not coincide with Mr Cavallo's plans. *In last year's congressional* and gubernatorial elections, voters overwhelmingly endorsed Mr Cavallo's reforms. In elections in September this year, it may be a different story.

The traditional option of appeasing public opinion by handing out wage "increases" or providing public sector jobs is no longer valid. Already, though, Mr Cavallo is under tremendous pressure from within the government to ease his strict policies.

Worryingly, he has responded with a 17.4 per cent increase in spending to £26bn this year – which he must cover with tax revenues and privatisation receipts – and in October restored some trade protection.

Although Argentina does not have much of a democratic tradition and is having to reconstruct its shattered political and economic systems simultaneously, democracy will probably withstand the stresses of reform. The military is discredited, the trauma of hyperinflation has created a consensus *for change*, and the examples of Chile and Mexico show that sacrifice can be worthwhile.

The risk is that Mr Menem will shrink from reform in the face of public hostility, as he is trying to amend the constitution to run for re-election when his term ends in 1995. He makes little effort to hide his irritation with Mr Cavallo, whose days in office are in consequence often rumoured to be numbered.

But Mr Cavallo says that with every day his policies remain in place he is winning new allies. As more individuals and companies pay taxes, repatriate their savings or hold local currency they become stakeholders in stability. Nobody likes paying taxes, but Argentines hate inflation and economic instability even more.

> **Argentina's central bank yesterday allowed banks to offer clients dollar current accounts and cheque books, writes John Barham in Buenos Aires.**
>
> **The measure was first announced after a short currency crisis in November, when markets sold pesos heavily, fearing that an impending devaluation would end almost two years of exchange rate stability.**
>
> **In 1991, the government pegged the peso to the dollar, recognising the dollar's use as virtual legal tender.**
>
> **In another message aimed at calming currency markets, Mr Cavallo has forecast a $1bn (£657.8m) seasonal capital outflow over coming months, which might otherwise have been seen as a sign of the pesos's weakness.**

Gunfire greets Boutros Ghali in Ethiopia

By Julian Ozanne in Addis Ababa

THE TROUBLED Somalia peace mission of Mr Boutros Boutros Ghali, United Nations secretary general, took another turn for the worse yesterday as Ethiopian forces fired on students protesting against UN policy on Eritrea. Four Somali factions boycotted his opening remarks to the Somali peace conference.

The incidents in the Ethiopian capital came a day after an angry mob of demonstrators in Mogadishu prevented Mr Boutros Ghali from visiting the UN headquarters in the Somali capital, pelted the building with rocks and chanted "Boutros Ghali go home".

According to witnesses in Addis Ababa, Ethiopian security forces opened fire directly into a large crowd of students trying to make their way to the conference venue. At least one student was killed, at least a dozen suffered serious gunshot wounds and scores more were later treated for minor injuries. There were unconfirmed reports of a further six fatalities.

Student leaders later said they were trying to protest against the UN chief's proposed visit to Eritrea, the northern secessionist province which will vote on independence from Ethiopia in a referendum in April, and petition him on the "dictatorship" of the Ethiopian government.

The UN has sent a mission to Eritrea and agreed to send observers to the referendum – a move deeply resented by some southerners who want to preserve the territorial unity of their country.

The shootings occurred an hour before Mr Boutros Ghali opened the Somali peace conference which brings together 14 factions. An alliance of four groups from the southern Darod clans refused to take their seats to hear the UN chief, in protest against the exclusion of three other allied groups. "Boutros Ghali does not have the right to decide who shall take part in a Somali peace conference," said Mr Mohammed Hashi, an official of the United Somali Party.

However Mr Yusuf Omar Al-Azhari, an official of the Somali Salvation Democratic Front, which controls a large swathe of northern Somalia and also joined the boycott, said the alliance was also protesting against the participation of warlords who they allege have massacred their clansmen. The SSDF, he said, was calling for the establishment of a human rights court to try Somali war criminals.

"How could the UN allow people who have denied food and medicine to their own people and perpetrated genocide sit down to talk about peace and decide the future of Somalia?" he asked.

UN officials were yesterday playing down expectations of any big achievement from the conference and said at best they hope for agreement on the agenda, venue and list of participants in a future political reconciliation conference.

In his conference address Mr Boutros Ghali said: "The process of national reconciliation will be long difficult. It will take months, and perhaps years... We are here today to begin this process. What begins well can end well."

In a much tougher speech, Ethiopian President Meles Zenawi castigated the Somali leaders for allowing clan rivalries to destroy their country. "Because your judgments have been clouded by... clan sentiments and animosity you stand now before the Somali people, the international community and history as the principal engineers of the tragedy in Somalia," he said.

● The US will begin removing some troops from Somalia this month, but most will remain beyond January, Mr Dick Cheney, defence secretary, said yesterday, Reuter reports from Washington.

Plutonium vessel due to dock today

By Robert Thomson in Tokyo

A JAPANESE vessel carrying a controversial shipment of plutonium was due to dock early today near Tokyo after a two-month voyage from France that has attracted severe international criticism.

Anti-nuclear activists who have opposed the shipment protested yesterday outside the Science and Technology Agency in Tokyo (left) and planned a further demonstration for the docking of the Akatsuki Maru, which carries one ton of plutonium destined for a trial fast breeder reactor. They claim the voyage has been dangerous and unnecessary.

About 10 countries had warned Japan that the vessel should not enter their territorial waters and the sustained criticism prompted the government to hint that plans to import about 30 tons of plutonium this decade would be reconsidered.

Some 70 vessels from the Maritime Safety Agency will secure the port during the unloading of the vessel, which has been escorted by a Japanese naval vessel.

The high security was a response to concerns that the load could be a target for terrorists seeking to build nuclear weapons.

Despite these worries the voyage itself has been incident-free, apart from a dispute with a vessel owned by Greenpeace, the environmental group.

Opposition says it will challenge Moi's election

By Michael Holman in Nairobi

KENYAN President Daniel arap Moi was yesterday sworn in for a further five-year term as an opposition coalition warned it would launch a non-violent campaign designed to overturn last week's election results.

At a hastily organised ceremony at State House, Nairobi, Mr Moi promised to "serve all Kenyans, and I mean all Kenyans, with dedication and humility for the development and prosperity of our people".

Absent from the occasion was Chief Emeka Anyaoku, the Commonwealth secretary general, who arrived yesterday to begin efforts to end the political impasse. Chief Anyaoku, who met the president in the afternoon, was said to be resting after his journey.

Mr Moi faces his first test this week, when he is expected to announce his cabinet. Without representatives of the Kikuyu and the Luo, the country's two largest tribes, it will have little credibility, but the election showed overwhelming opposition to the president from both ethnic groups.

The opposition alliance, comprising Mr Kenneth Matiba's FORD-Asili, Mr Jaramogi Oginga Odinga's FORD-Kenya and the Democratic Party led by Mr Mwai Kibaki, has come under criticism from some supporters for raising the prospect of a boycott of parliament.

At a press conference Mr Kibaki renewed the opposition's claim that the poll had been rigged, but declined to say how it would fulfil its threat to stop Mr Moi exercising power. A non-violent anti-government campaign was being planned, he said, but declined to give details. Most observers believe the alliance has little option but to function as a parliamentary opposition.

An observer group from the US made the sharpest criticism to date of last week's poll. "We believe that the electoral environment was unfair and the electoral process seriously flawed," the International Republican Institute said. The institute said it could not find a pattern in counting irregularities but that "further investigation is warranted."

● Ghanaian President-elect Jerry Rawlings's party won 189 of the 200 seats in parliament after the opposition boycotted elections, Reuter reports from Accra.

● Nigerian President Ibrahim Babangida swore in a National Defence and Security Council (NDSC) and a Transitional Council yesterday to help guide the country towards civilian rule, Reuter reports from Abuja.

The 29-member council, which includes businessmen, bankers and legal experts, replaces the cabinet. The 14-member NDSC replaces the Armed Forces Ruling Council and will be the highest policy-making body.

Jordan hit by sanctions on Iraq

By James Whittington in Amman

THE JORDANIAN economy has suffered losses of at least $570m (£372m) in nearly 2½ years of United Nations sanctions against Iraq because of the reduced volume of transit cargo through the port of Aqaba and the cost of ship inspections, according to the Jordan Shipping Agents' Association.

The losses are a sizeable amount for a country with gross domestic product last year of $3.98bn.

Transit imports to Iraq through Aqaba have collapsed by 66 per cent since the onset of the Gulf crisis.

In 1989 some 5.6m tonnes of transit cargo for Iraq passed through Aqaba. In the first 11 months of last year the total was just 1.9m tonnes, mainly food and medicine.

Transit exports from Iraq, about 1.15m tonnes in 1989, have ceased.

The Jordan Shipping Agents' Association says the total loss of port revenues from trade with Iraq since August 1990, when the sanctions were imposed, amount to $500m.

In addition to this, operators shipping cargoes to Jordan, or other transit destinations such as Syria, have increased their charges to account for interference by naval inspectors policing sanctions in the Red Sea. Ships for Aqaba are frequently subject to delays and the risk of being turned away, and they are forced to carry lighter loads in order to make their cargo accessible to inspection.

The authorities invested heavily in the Aqaba port in the 1980s.

A new oil terminal, seven additional berths, and a $3m communications centre were built to handle the ballooning demand from Iraq when Baghdad's Gulf outlets were blocked by war with Iran.

Aqaba is now operating at only 60 per cent of capacity compared with 1989.

Sihanouk blow to UN peace force

By Victor Mallet in Bangkok

PRINCE Norodom Sihanouk, Cambodia's head of state, delivered another blow to the $2bn (£1.3bn) United Nations mission in Cambodia yesterday with the announcement that he would no longer be co-operating with UN peacekeepers in his country or with the Vietnamese-installed administration in Phnom Penh.

In a letter to Mr Yasushi Akashi, the head of the UN Transitional Authority in Cambodia (Untac), Prince Sihanouk said he had made his decision because of Untac's failure to do anything about a series of attacks on the royalist party Funcinpec led by his son, Prince Ranariddh.

"I am obliged to cease co-operation with Untac and the party administration of the state of Cambodia," the prince said in his letter, released in Beijing, where he is now living.

Untac officials are organising elections in Cambodia scheduled for May and have succeeded in registering about four-fifths of eligible voters. But the UN has been unable to impose a ceasefire.

Fighting between the Phnom Penh administration and Khmer Rouge guerrillas has continued, and several Funcinpec offices have been attacked – apparently by Phnom Penh government forces afraid of losing power in the election.

Several Funcinpec party workers have been killed.

Prince Sihanouk, complaining of a variety of illnesses, retreated to Beijing in November.

While he may have some genuine illness, many observers believe he is sulking because of the lukewarm reception which was given to his suggestion that Untac should arrange a presidential election – with himself as the prime candidate – as well as the general election so that he could supervise Cambodia while a new constitution is debated.

A spokesman for Prince Sihanouk in Beijing was careful to emphasise that the prince would continue to have personal relations with Mr Akashi and other parties in Cambodia and that the letter to Mr Akashi did not affect the prince's standing as head of state.

But even if allowances are made for a certain amount of grandstanding by Prince Sihanouk, the situation has changed markedly since he returned in triumph to Phnom Penh in November 1991.

Then, there was optimistic talk of an alliance between Prince Ranariddh and Mr Hun Sen, prime minister in the Cambodian administration.

Nowadays suggestions of an alliance are muted and the Supreme National Council, which includes the four main factions – the Hun Sen government, Funcinpec, the Khmer Rouge and the KPNLF – has ceased to meet on a regular basis.

Saudi government to raise spending

SAUDI ARABIA yesterday projected a 9 per cent increase in government spending to SR196.9bn (£34bn) in 1993 but gave no breakdown of revenue sources, report Reuter and Our Middle East Staff.

Budget figures and other financial statements published by the official Saudi Press Agency after the budget was approved by the cabinet put revenues at the same SR196.9bn figure projected for spending.

This figure is more than £6.5bn above the optimistic revenue forecasts of less than a year ago.

There was no mention of the kingdom's persistent budget deficit, which was projected at $8bn (£5.2bn) in 1992.

It was largely financed last year by domestic borrowing and seems likely to increase in the year ahead.

The finance ministry estimated Saudi Arabia's gross domestic product rose 5 per cent in 1992.

SPA quoted King Fahd, who chaired the cabinet meeting, as saying that his government's priority was economic development and raising living standards in the kingdom.

He said there were 7,000 government projects now under construction.

"We hope that stability will be maintained in this region to allow each state to focus on building its economic and its people's prosperity," he added.

The budget set military and security spending at SR61.6bn, up 13.7 per cent. Education was allocated SR34.1bn, the lion's share of civilian spending. This was almost 10 per cent up on the previous year's allocations. The government said 800 new schools would be opened in 1993 and six colleges of further education started.

Health and social services were to receive SR14.1bn, a 15 per cent rise, and transport and telecommunications SR9.1bn. The statement said government subsidies for various economic and social activities were set at SR9.2bn.

Value of Hamas expulsions in doubt

ISRAELI ministers are satisfied that the abrupt expulsion last month of 415 Palestinians to south Lebanon, in spite of damage to the country's international standing, was widely accepted at home as a damaging blow to Islamic extremist organisations bent on attacking Israel.

However, there are strong doubts among foreign observers, Palestinians in the occupied territories and some Israeli commentators that the expulsions have achieved the aim of dislocating Hamas, the most prominent fundamentalist group in the West Bank and Gaza Strip.

Hamas seeks to disrupt Middle East peace talks and challenge the primacy of the secular Palestine Liberation Organisation.

"Our analysis is that the Israelis have done much less damage than they claim to have done," said a western diplomat. "If the security forces really had a list of 400 core members of Hamas they wouldn't have been at large – they would have been arrested a long time ago."

In addition to the 415 men dumped across the Lebanese border, the authorities rounded up hundreds more alleged activists of Hamas and Islamic Jihad, a smaller fundamentalist group responsible for violent acts against the Israeli occupation. This sudden removal from the streets of around 1,000 people undoubtedly stunned the organisations.

But those sceptical of the effectiveness of the mass round-up say the subsequent lull in armed attacks on the security forces is almost certainly temporary while the guerrillas lay low in the immediate aftermath. The killing of a Shin Bet secret service officer on Sunday, and a non-fatal stabbing of another Israeli the same day may have been the first signs of a revival of the violence.

Government and military officials have acknowledged that the arrests and deportations did not include the killers of six Israeli soldiers by Hamas and Islamic Jihad in early December whose deaths prompted the expulsions.

Most of those rounded up were either prominent local figures known for their advocacy of Islamic revivalism or people involved in little more than low-level intifada street demonstrations against Israeli rule. Large numbers of mosque officials, Islamic and other academics, physicians and professionals were included in the expulsion.

"These people were well-known for their public support and sympathy for Hamas. But they are not the real activists, who have to operate underground. They work in small cells and do not have any public face," said a Palestinian journalist.

To some extent, the army does not dispute this. But the military insists that by moving to remove the intellectual "head" of Hamas it has paralysed the organisation, at least temporarily. The action, military sources argue, will dislocate the network of social and welfare support which Hamas operates and which gives it its essential lifeblood of public support.

"We will still move against the terrorist element," said one, referring to the armed cells. "We will get these people as well."

But western governments have expressed concern to Israel that the expulsions have increased sympathy for Hamas and its fellow Islamic groups at the expense of the PLO at a time when public support for the PLO-backed peace talks was vulnerable but was not perceived to be leaning towards the extremists.

"We are worried about the longer term effect on Hamas – on the ability of clandestine organisations to recruit. We think these developments will only help them," said a diplomat.

Western diplomats say they would prefer to see Israel act more clinically against channels of financial and material support said to be flowing to Hamas from Iran and, to a lesser extent, from Saudi Arabia.

Hugh Carnegy

The Islamic resistance movement Hamas failed to persuade the Palestine Liberation Organisation to pull Palestinian delegates out of Middle East peace talks at a meeting in Khartoum yesterday, Reuter reports from Amman.

However, a Hamas official said it and the PLO's mainstream Fatah movement agreed after three days of talks that dialogue would continue.

After Israel expelled 415 Palestinians on December 17, Hamas and other radical groups tried unsuccessfully at a PLO leadership meeting in Tunis to press for the withdrawal of Palestinian delegates from the peace negotiations.

Seoul predicts more trade deficit cuts

By John Burton in Seoul

SOUTH KOREA cut its trade deficit almost in half to $4.92bn (£3.23bn) in 1992 and officials predict the deficit will shrink to $3.5bn this year.

Exports last year rose by 6.8 per cent to $76.8bn on a customs clearance basis, while imports were almost unchanged at $81.7bn, according to preliminary statistics from the Ministry of Trade and Industry.

The ministry estimates that exports will rise by 8 per cent to $83bn, while imports will grow by 6 per cent to $86.5bn.

The expected growth in imports this year is because of increased purchase of foreign machinery for plant automation and building supplies for several big infrastructure projects.

Export growth last year was led by petrochemicals, steel, vehicles, tyres and containers, while shipments of textiles, toys and footwear were sluggish as the country's light industry lost competitiveness through higher wage costs.

The trade deficit in 1991 reached a record $9.7bn.

End of barter leaves N Korea short of oil

By John Burton in Seoul

CHINA'S decision last week to end barter trade with North Korea has increased Pyongyang's problems in gaining badly-needed crude oil and grain supplies from abroad.

North Korea, which lacks any appreciable foreign currency reserves, has asked South Korean trading companies to serve as intermediaries in finding new barter trade partners who would supply these goods.

Grain shortages have led to reports of malnutrition in some rural parts of North Korea.

A lack of crude oil to supply power to factories has caused the North Korean economy to contract since 1990, when the former Soviet Union ended its barter trade with Pyongyang.

North Korea has since relied on China for oil supplies, while it has also developed relations with Iran by shipping missiles in exchange for petroleum.

China was North Korea's largest trade partner last year with total bilateral shipments valued at $620m, followed by Japan, the former Soviet Union and Iran.

In one sign of the seriousness of the energy problem, North Korean President Kim Il-sung called for increased coal production in his New Year's address to the nation.

"Only when the production of coal is sharply increased is it possible to ease the strain on electricity and to put production... on a steady basis," he declared.

North Korean coal, however, is of low quality and would serve as a poor substitute for imported petroleum, which is the country's main energy source.

North Korea had expected an end of its barter trade relations with China, which originally had planned to stop the arrangement last year but delayed the move until last week to mollify Pyongyang over Beijing's establishment of diplomatic ties with Seoul in August.

Pyongyang early last year requested South Korea's main trading companies to arrange supplies of grains and crude oil from third countries in exchange for zinc and steel from North Korea.

Demand for grain supplies has increased in the last two months with the onset of winter. North Korea is seeking rice from Vietnam, Taiwan and Ukraine as well as Chinese corn and North American wheat.

However, North Korea is refusing to purchase rice directly from South Korea because of a dispute between the two countries over Pyongyang's nuclear programme that has consequently frozen economic relations.

North Korea made its requests through the branch offices of South Korean trading companies in Beijing and Hong Kong. It is uncertain whether the Seoul government will give its approval for the trading companies to conduct the deals.

Meanwhile, Pyongyang has asked Beijing for a loan for the purchase of petroleum and grain from China.

Boost for CIS ties

LEADERS of five former Soviet Asian republics, meeting in Tashkent, yesterday gave backing to the fragile Commonwealth of Independent States, to which they belong, saying they wanted to move towards a common market, Reuter reports from Moscow.

Interfax news agency quoted Kazakh President Nursultan Nazarbayev as saying the five countries – Kazakhstan and the Central Asian states of Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan – were taking steps to create a common market. But the five should continue to work with other former Soviet states.

Import curbs may threaten EC harmony

SINGLE MARKET WATCH

THE first six months of the new single European market could be marred by legal disputes over national import restrictions, which are still in place in many EC countries despite the lifting of internal barriers on January 1, writes Andrew Hill in Brussels.

EC foreign ministers have still not agreed whether to abolish or harmonise national quotas on textiles, toys, footwear and a variety of goods from "state trading countries" – China, North Korea and Vietnam. The European Commission has also failed to devise a temporary solution to national quotas.

In practice, importers say this could lead to a ban on the import of such goods, as 1992 import licences have expired. Some are preparing to take legal action against the Commission if trade is disrupted.

Meanwhile, Britain, France and Italy have asked to maintain controls on imports of bananas from Latin America. Under a special clause of the EC treaty, member states can request Brussels to allow them to keep or reimpose controls to prevent "economic difficulties" caused, for example, by cheap imports across internal borders.

Commission officials said yesterday they were unsure how such restrictions would be applied in the absence of internal controls on goods.

Bananas are still subject to different import regimes across the EC, as a deal to harmonise the system will not become effective until the middle of this year. Until then the three countries, which have treaty commitments to Caribbean and African producers, fear a flood of cheaper Latin American bananas imported illegally from Germany, Denmark and the Benelux countries.

No member state has yet asked to maintain quotas on imports from state trading countries. But some importers are already preparing to switch imports to the most liberal EC countries.

For example, Reebok and Nike, the sports shoe manufacturers, may try to import their Chinese-made training shoes through Ireland or Greece, the only EC countries without quotas for Chinese footwear, if they find that other member states are applying their restrictions.

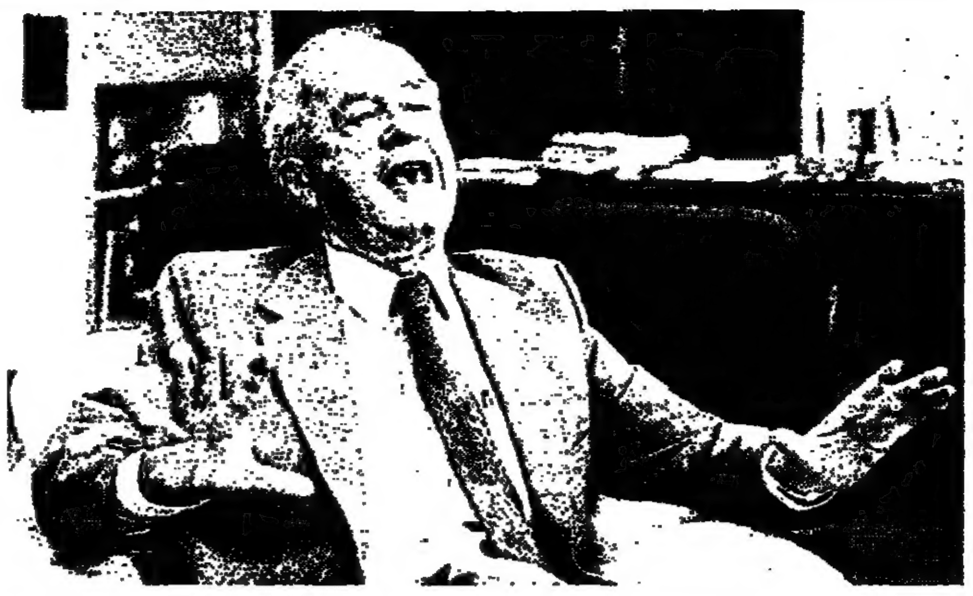
The companies are also ready to claim damages from the Commission if products are blocked at external frontiers.

The question of what to do about outstanding national quotas is linked to controversial Commission proposals to streamline the procedure for imposing anti-dumping duties on non-EC imports. This will be one of the first issues which Sir Leon Brittan will consider when he takes over as EC trade commissioner tomorrow.

Bureaucrats scorn proposal by American-Jewish businessmen

Plan for free trade zone irks Israelis

By Hugh Carnegy in Jerusalem



Caught in the middle: Israeli Prime Minister Yitzhak Rabin has yet to make a decision

THE American-Jewish community has long been an economic and political lifeline for Israel, but beneath the surface there have been tensions.

A proposal by a group of Jewish businessmen in the US that Israel establish a free export processing zone (FEPZ) has now brought the tensions into the open.

The battle pits backers of the Israel Export Corporation, set up to establish an FEPZ, against an array of senior officials in Israel's key economic ministries. In the middle are Mr Yitzhak Rabin, prime minister, and Mr Avraham Shochat, finance minister, who have yet to decide whether to give the scheme the go-ahead.

The FEPZ proposal appears an almost irresistible lure to a government anxious to reverse negative net foreign investment and to cut unemployment of more than 11 per cent.

The Israel Export Corporation's shareholders include Mr Sy Syms of Syms Corp, a US clothing manufacturer, brothers Robert and Alan Tishman, both in property, and Mr Jay Pomrenze of Bankers Trust in New York. Mr David Yerushalmi, chief executive of Israel Export Corporation, says 14 potential investors who met Mr Rabin last month pledged to create 36,000 jobs and inject more than $1bn (£600m) into an FEPZ.

The government is being asked to establish a privately run free-trade zone outside Israel's customs territory, foreign exchange controls and bureaucracy. Apart from national security and environmental legislation, the zone would be excluded from labour and trade union agreements.

There would be a 25-year tax holiday, but companies operating in the FEPZ would have no access to Israel's industrial aid and tax incentives.

Israeli bureaucrats, however, are far from impressed. A report by a committee set up by Mr Shochat to study the proposal, headed by Mr Yoram Gabbai, head of the state revenue department, delivered an unequivocal rejection. It saw "legal and economic anarchy" and "unbearable discrimination" if the FEPZ legislation was enacted.

It said evidence of such zones' success in countries like South Korea and Taiwan did not apply to a developed, high-wage economy such as Israel's. It was worried about loss of tax revenue and possible breaches of Israel's free trade agreements with the US and EC.

The report also doubted that investment would materialise.

Indian steel plant planned

By Kunal Bose in Calcutta

CAPARO Industries of the UK has teamed with the state government of Orissa to set up a 3m-tonne integrated steel plant at Duburi in Orissa. Mr Narasimha Rao, the Indian prime minister, will lay the foundation stone in March.

The project is to be implemented in two or three phases, with the first phase capacity fixed at 1m tonnes. Implementation of the first phase will require an investment of about Rs50bn (£1.13bn), including a foreign exchange component of at least Rs20bn.

Caparo plans to invest Rs2bn in the equity of Kalinga Steel and the Orissa government Rs1bn. In the first phase, Kalinga will produce hot rolled coils. While the plant will use imported coking coal, its requirement of iron ore will be met by the state-owned mines at Daitari in Orissa. Steel will be produced through the blast furnace route.

Kalinga Steel, according to Caparo chairman Mr Swraj Paul, will have to export up to 20 per cent of production to pay for the import of coking coal.

Mr Biju Patnaik, chief minister of Orissa, who recently visited Germany to meet the suppliers of technology and machinery and equipment, said on his return: "If everything goes well from now on, then the project work at Duburi should start by early March. The gestation period of the first phase of Kalinga Steel, according to Mr Paul, will be 3½ years.

● Indian companies are planning to more than triple the country's alumina output to exploit large bauxite reserves in the eastern state of Orissa, Reuter reports from Bombay.

At least three big export-oriented projects, all involving some form of foreign collaboration or joint venture, are planned to produce 2.9m tonnes of alumina a year eventually. Their total cost is estimated at $2.2bn (£1.44bn).

"Orissa will be a major alumina producer by the turn of the century," said Mr G.V. Kasargod, general manager for planning and development with engineering company Larsen & Toubro.

The projects, expected to start production from 1997, will triple India's output of alumina – or aluminium oxide, used to make aluminium – from the present level of 1.3m tonnes to at least 4.2m, industry sources said.

South Carolina offers glimpse of Clinton way

Barbara Harrison on investment attracted by a trained workforce

THE modern office buildings and factories that dot the green landscape of western South Carolina, once an agricultural backwater, are all the more remarkable once the names of the companies come into view: Michelin, Robert Bosch, Bayer, Rhône-Poulenc, Siemens, Unilever.

The latest foreign entrant to this unlikely international neighbourhood in America's South is BMW, the German car maker, which recently began construction of a $300m assembly plant in the Greenville-Spartanburg area.

Greenville and Spartanburg, two small but plucky cities, have lured hundreds of millions of dollars in investment from foreign companies over the last five years. Together they have attracted more foreign investment per capita than any equivalent area in the US.

Spartanburg alone has more than 80 foreign companies, half of them German. In South Carolina overall, Germany has a 30 per cent share of the state's cumulative foreign investment total of $9.3bn. Japan accounts for 16.9 per cent, Britain and France about 14 per cent each and Switzerland 11.4 per cent.

A survey of foreign companies in the state by the financial consultants KPMG Peat Marwick says: "Over the last five years, South Carolina has consistently been a leader in attracting foreign investment, with the annual growth in the number of foreign-owned companies establishing headquarters in South Carolina ranging from 9 to 12 per cent."

With keen competition among US states for foreign investment – in particular for plants that create new jobs – South Carolina has composed a seductive package of attractions, say executives of foreign manufacturing groups.

While low corporate income tax, excellent transportation and competitive business costs are part of the package, the state's biggest enticement is its labour.

Not only is it plentiful, largely ununionised and relatively cheap, as is the case throughout the south-east, but South Carolina offers an innovative scheme to custom-train an investor's workforce.

Through a network of 16 technical colleges, the state will recruit and train employees at little or no cost to meet the specific needs of incoming or expanding companies.

Although the state's overall educational achievements rank poorly within the US, its technical training programme is considered one of America's more far-sighted. The scheme is also in tune with the incoming Clinton administration's thinking, underlined by the choice of former South Carolina governor Mr Dick Riley as education secretary.

Germany's Robert Bosch, which has two automotive parts manufacturing plants and a total of $348m worth of investment in South Carolina, says a key reason it chose the state was the government's worker training programme. It has even set up a German-style apprenticeship programme in conjunction with some of the local technical colleges.

Lucas Industries of the UK, another automotive parts manufacturer, settled on South Carolina largely for the same reason. At first, it invested for just an engineering test facility, but has expanded to a manufacturing plant employing more than 300. It already supplies fuel injectors for BMW in Germany and hopes to earn business from the car maker's new plant nearby.

The state's success in attracting foreign business is getting attention in economic development circles, especially since BMW's announcement. And while South Carolina was relatively hard hit by the US recession during the last two years, economists say it is poised to recover well, not least because of BMW and the supplier network it is expected to spawn.

The level of job creation by foreign companies has helped steady the local economy and has kept the state's unemployment rate running well behind the national average. At the end of 1991, 73,000 people were employed by foreign companies, responsible for more than 20 per cent of all new jobs in South Carolina from 1987.

Moreover, the average annual wage for these new jobs was nearly $4,000 higher than the average state wage of $19,600.

NEWS: UK

Labour attacked over 'Clintonisation'

By Ivo Dawnay, Political Correspondent

A SENIOR member of Britain's opposition Labour party is today preparing to launch a fresh challenge to the party leadership over its apparent decision to draw strategy lessons from the election campaign of US president-elect Bill Clinton.

Mr John Prescott, Labour's transport spokesman, is expected to use an appearance on British television today to warn against politicians' decisions being driven by public opinion, the views of image-makers or the findings of polls.

Advocates, meanwhile, of a fundamental change of identity for Labour are preparing to press their case with the publication of an article, entitled *Lessons from America*, drawing strongly on the Clinton campaign's achievements.

The paper by Mr Philip Gould and Ms Patricia Hewitt, two close aides to the 1992 election team of Mr Neil Kinnock, the former Labour leader, is published in the first edition of Renewal, an internal party magazine.

It argues that the party must refocus its appeal by creating a new populist politics, targetted at the majority not minorities.

Last night, Mr Prescott reiterated his claim that the so-called "Clintonisation" of Labour is becoming a crucial struggle for the party.

In a foretaste of his broadcast, he said growing debate over how much should be learnt from the US election vindicated his decision last month to counsel publicly against the party's modelling itself on the new Democrats.

He insisted he was ready to hear what conclusions members of the Clinton team had drawn from their victory, but went on to counsel against allowing pollsters to act as the new "high priests" of politics.

Evidence of the intensity of Labour's debate over Mr Clinton's election campaign is abundant this week. Both Mr Tony Blair, the party's home affairs spokesman, and Mr Gordon Brown, the chief finance spokesman, are in Washington, making contact with the incoming US administration.

On Friday, two leading Clinton campaign strategists – Mr Stan Greenberg, a policy director, and Mr Bob Boorstein, deputy communications director – will address a private meeting of the leader's committee: Mr John Smith's top advisory group on party strategy.

At the weekend, the two men are also due to discuss the president-elect's economic plans at a London conference sponsored by the Transport and General Workers' Union.

The moderniser faction in the Labour leadership appear increasingly convinced that the party must draw strongly on the Democrats' experience.

Government to press ahead with BR privatisation

By David Owen

THE government last night signalled its determination to press ahead with its plans for Britain's railways, claiming they would lead to enhanced passenger and freight services.

Mr John MacGregor, transport secretary, used a speech in his east of England constituency, to hit back at recent suggestions that the government's proposals were stalled and would have to be revised. Rail privatisation was going "full speed ahead," he told them.

As the opposition Labour party called on the government to spell out "how deep is their U-turn," Mr MacGregor said criticism of plans for "commercialising" British Rail were based on "misunderstandings".

The government was aiming to "inject into the railways more private sector skills and resources," he said. "Our proposals will make sure we get that further improvement in service for passengers and freight which is so necessary if we are to get the benefits of the record levels of capital investment currently going into our railways."

Speculation that the government could back down over its BR proposals intensified last week after prime minister John Major characterised them as a "semi-privatisation."

Last year's policy document set out a blueprint for the railways under which only freight operations would be sold outright. On the passenger side, the private sector would be asked to bid for franchises to operate trains, with the contracts going to the companies requiring the lowest subsidies. The infrastructure would remain in state ownership, with operators being charged for use of the tracks.

While acknowledging that BR was already carrying through "important reforms," Mr MacGregor criticised current service standards.

"I don't find anyone who who thinks BR is providing a perfect service now and does not need further change," he said.

The first snow of winter in the Yorkshire coalfields covers the stockpiles at Sharlston Colliery, threatened with closure under the government's pit review programme. Opposition to the programme will be stepped up tomorrow when unions meet to plan the next stage in their campaign

Britain in brief

Intervention cost £1.7bn, claims Brown

Mr Gordon Brown, the Labour party's finance spokesman, claims the cost of Bank of England intervention to defend sterling on "Black Wednesday" may have cost the Treasury up to £1.7bn.

Demanding an independent inquiry into the events of September 16 when the UK fell out of the exchange rate mechanism, his aides said independent advisers had estimated interventions totalling up to £14bn.

"The extent of the loss could be as much as the whole budget for trade and industry this financial year," he said.

Baqi denies BCCI charges

Mr Mohammed Abdul Baqi, the former managing director of Attock Oil, has denied conspiring with senior managers of the collapsed Bank of Credit and Commerce International to deceive auditors Price Waterhouse that his company owed the bank more than $110m.

Mr Baqi pleaded not guilty to 16 counts of furnishing false information when he appeared at London's Old Bailey. He remanded on bail until February 26.

Police seek shooting clues

Police investigating the killing of Mr Donald Urquhart, a London property consultant, are still searching for a motive. Detectives were making inquiries in London's West End where Mr Urquhart, 55, was shot at the weekend by a man who escaped on a motorcycle.

The businessman had property dealings through a company called Bellgap. Police believe the shooting was the work of a professional killer.

Paramilitaries reject talks

Loyalist paramilitaries in Northern Ireland have rejected an offer of talks with nationalists amid fears of an escalating murder campaign against Roman Catholics.

The banned Ulster Freedom Fighters, one of the Protestant groups involved in a wave of sectarian shootings, said it was not prepared to sit down with Mr Seamus Mallon, the deputy leader of the predominantly Catholic SDLP.

Mr Mallon had challenged loyalist gunmen to meet him after the Ulster Volunteer Force claimed responsibility for the first serious terrorist attack of 1993 – the murders of a Catholic father and son near Dungannon, Co Tyrone.

Setback after 13 months of negotiations over imports

Dispute hits Skoda distribution

By John Griffiths

A SPLIT has developed between the Volkswagen-controlled company which is taking over imports of Czech-built Skoda cars to the UK and Skoda (GB), which has handled them for the past 27 years.

Skoda (GB), owned by Motokov, the former Czechoslovak state foreign trade organisation – itself now being privatised – is refusing to allow its 250 dealers to sign contracts with the new company, Skoda Automobile UK, while negotiations continue on whether Skoda (GB) should be allowed to continue to play an operational role in the import and distribution of the cars.

About 10,000 Skodas are sold annually in the UK.

Mr David Wilks, spokesman for Skoda (GB) said yesterday that Skoda (GB) had expected that the Kings Lynn, Norfolk, import and preparation centre which it has been operating for many years would continue to process the cars under contract to Skoda Automobile UK.

Instead, VW – which is building a 70 per cent stake in and already has management control of the Czech manufacturer – is planning to set up its own import and distribution arrangements, in keeping with its intention greatly to expand Skoda sales. Its aim is to quadruple sales, to 40,000 a year, by as early as 1996.

While refusing to release dealers from their franchise contracts, Skoda (GB) said it has temporarily freed them from their obligation to buy cars exclusively from Skoda (GB), effectively allowing them to take supplies from the new company while negotiations continue, and as and when Skoda Automobile UK starts making its own shipments.

The cooling in relations between the two sides comes as a setback after 13 months of mainly amicable negotiations over the transition. More than 29 Skoda (GB) personnel have already transfered to the new company. However, the impasse over the Kings Lynn import centre has led to some 44 people being made redundant there.

Skoda Automobile UK formally took over as the UK importer on January 1. It is a wholly-owned subsidiary of Skoda Automobilova, in which Volkswagen is building a 70 per cent stake. VW already holds 31 per cent, with the balance in the hands of the Czech government.

Threat of legal action over Trinity Insurance

SOME former directors of Trinity Insurance face possible legal action following the collapse of the company last year with net liabilities now estimated at £55m, writes Richard Lapper and Andrew Jack.

In the accounts for the year to December 31 1991 Mr John Winter, who was appointed chief executive of the privately owned general insurance company in January last year, said a series of "inappropriate" transactions contributed to losses of £80.1m in 1991.

The accounts show investment losses of £13.7m in 1991, including several million pounds written off against loans to Panfida, an Australian retailing group now in liquidation, in which Mr Rupert Murdoch's News Corporation had a 29.9 per cent stake.

The accounts come in a document, prepared by Price Waterhouse, provisional liquidators, which advises Trinity's 15,000 policyholders and creditors to approve a scheme which could lead to a pay-out of between 60 and 70 per cent. The scheme would allow the directors to remain in charge of the company during its winding down under the supervision of an insolvency practitioner, and avoid the need for liquidation procedures, which could delay any pay-outs for many years.

Ernst & Young, which became auditors after the new directors asked Pannell Kerr Forster to resign last July, said in their report to the accounts that income and expenditure may have been incorrectly allocated between 1990 and 1991, and assets and liabilities misclassified in 1990.

British industry manages to find role for supervisors

Companies are re-examining the responsibilities of middle-ranking employees, writes Lisa Wood

MRS Sharon Roy, a supervisor at Buckingham Foods, where a million snacks pour off the production lines every year, says that in the old days she thought of herself as a line – leader who made sandwiches. "I never thought about profit," she says.

She does now and enjoys her job a lot more. In management jargon she has been "empowered" which means she is no longer an overseer but plays an active role in both managing the shop floor and the production process.

Identified by a host of think – tanks as one of the weak links in British industry, supervisory training – or the lack of it – has been an important management issue in 1992.

Mrs Roy's experience is an example of what can happen in a reasonably enlightened company. "I'd describe myself as a middle-manager," she says. "I make my own decisions about how I achieve the production targets and I am responsible for quality control. Before, I used to come in and pick up a sheet which said how many sandwiches we had to produce and what variety.

"I had no influence on the number of staff required on a line, any input into how long processes should take or any direct control over the machinery.

"Things have changed."

Buckingham, a subsidiary of the Booker food group, realised supervisors were a key group of workers whose role had to be addressed if other shop floor reforms – including more up to date information systems – were to succeed.

Buckingham Food supervisors Theresa Allen (left) and Sharon Roy oversee sandwich production at the Milton Keynes plant

It's an insight that a number of British companies are coming to share including British Rail, BP Oil, Dunlop and Fisons along with international companies including Nissan, the car manufacturer.

A measure of how fast they are putting their perceptions into practice has been provided with the publication by the Management Charter Initiative (MCI) of national standards aimed at assessing the quality of supervisors.

The MCI standards, linked to the new national vocational qualifications, cover four main areas; managing finance; information; people and operations.

Inadequate supervisory skills have been part of the productivity problem of British industry for many years. Supervisors, like much of the workforce, have suffering from a lack of adequate training.

The UK's 1.2m supervisors are a disparate group – ranging from line leaders in a Belfast missile factory to British Rail station managers. In the past few organisations had a clear idea of what supervisors do.

In recent years the "human relations" school of management has emphasised the importance of the supervisor in motivating the work group. But the rise of the specialist personnel department also resulted in a reduced role for the supervisor in recruitment and industrial relations.

But organisations such the Confederation of British Industry argue that if Britain is to undergo a skills revolution the supervisor needs to take centre-stage.

A recent CBI report spelt out the problem: "The potential among middle managers and supervisors exists but is not being harnessed. It is a resource which is currently being ignored, under-utilised and demotivated."

The CBI draws upon a study of engineering and textile plants in Britain, France and Germany between 1988-1990 to press home its message. The study by the National Institute of Economic and Social Research found significant differences between Britain, France and Germany in the range of supervisors' functions.

- In Germany, foremen were aware of their section's production costs and received production schedules well in advance for forward planning.
- In Britain, by contrast, foremen frequently faced "crisis management," chasing supplies, re-scheduling because of breakdowns and training new staff because of high turnover.
- French supervisors, it was found, were also under strain because of anxieties that their craft training was inadequate to cope with production demands influenced by new technology.
- Only in Germany did a large pool of skilled workers created by the apprenticeship system ensure that almost all supervisors are qualified at least to craft level and above.

Research from the former National Economic Development Council reinforces this view. The proportion of German supervisors working in manufacturing industries with qualifications in 1991 was nearly double that of the UK. This was reflected in pay – with a much greater pay differential between craftworkers and supervisors in Germany.

Drawing on the experience and example of countries such as Germany are among the main challenges facing employers in the UK.

Buckingham Foods, which is comparatively fresh to the world of training, is becoming a convert. Improvements at its plant - identified and implemented with the help of Peter Chadwick, the management consultants – have generated savings of around £800,000 in the past year, it says.

Changes to the supervisory roles were not the only ingredients of the improvement to the bottom-line. But they were a significant and important one says Mr Peter Halman, managing director.

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TECHNOLOGY

Dethroning King Cotton

Daniel Green reports on an unusual new fabric which Courtaulds hopes will take the fashion world by storm

It is a widely held rule of innovation that companies should not venture into new products and new customer markets simultaneously. Yet this seems to be what Britain's second biggest chemicals company, Courtaulds, is doing with its new fibre, Tencel.

The fibre has just been officially launched amid much fanfare – not surprising considering that 14 years of development absorbed £45m and the new production plant in Mobile, Alabama, cost another £55m.

Technologically, Tencel is related to viscose rayon, the material on which Samuel Courtauld & Co's fortunes were built in the early years of the century. Both are based on wood pulp; only the manufacturing process differs.

At the Tencel plant in Alabama, wood pulp is mixed with amine oxide until it is dissolved. The solution is then filtered and extruded to form fine filaments. These are washed, dried, crimped and cut to form staple fibres for spinning.

The technique is called solvent spinning. Tencel is Courtaulds' brand name for the fibre made by this process, and lyocell is a generic name fixed in 1989 for solvent-spun fibres by the Bureau International pour la Standardisation de la Rayonne et des Fibres Synthètiques.

It was developed partly in anticipation of tighter laws on pollution. Viscose manufacture is notoriously dirty, with sulphurous compounds often released into the atmosphere or rivers. In solvent spinning, the solvent can be removed during the washing process then purified and concentrated before being re-used.

The technology is innovative enough, but the fibres produced have some unique characteristics. Tencel garments can look as if they are made of rough denim but have a heavy, velvety feel. To the touch, they are like brushed cotton but with the floppiness of silk.

On top of its luxurious feel, Courtaulds' tests show it to be twice as strong as cotton when dry and an even better performer when wet. This means dyers, finishers, weavers and knitters can make a wide range of fabrics.

Selling to the luxury market is an unusual experience for Courtaulds. Not since the company commercialised rayon in 1905 has it faced the problems of making a new product and selling it to new customers.

Alan Jones, Tencel's international marketing manager, acknowledges he faces a tough task. His proposed solution is simple: the technical strengths and unusual properties of the material will sell it.

So far, the signs are promising. Well-known clothes designers such as the UK's Zandra Rhodes and Anne Klein of the US have begun to use the material. Their clothes have found buyers in the test market of Japan, despite high prices. People have been prepared to spend more than £200 for a denim-lookalike jacket or pair of jeans.

To keep the product exclusive, only a small number of designers have been allocated cloth. Japan is still the only market where Tencel clothes are widely available; the US and Europe should get their first garments in this year's spring collections. In their turn, the fabric makers and clothes designers have become part of Courtaulds' sales effort. "We wanted to get some interesting fabrics produced. They were in effect part of the development process," says Jones.

Yet Courtaulds' approach stands in contrast to the conservative way its rival, ICI Fibres, promoted a new product called Tactel. Tactel fabrics are made of very fine filaments of nylon. The surface can be treated to give it a more natural feel, which means it can be used to make clothes for markets that perceive nylon to be uncomfortable.

ICI launched the product in 1983 into an area with which it was familiar, sportswear. It was not until 1989, when the technical capabilities of the product were well understood, that it relaunched Tactel for the fashion industry.

Tactel has been a success for ICI, now accounting for about 35 per cent of the company's entire fibres output by value. The potential for Tencel is if anything higher. It is in a position to take a slice out of the market for King Cotton, which accounts for about half the world fibre consumption by weight.

Japanese, US and British designers have begun using Tencel in their collections

Watching the shopper's every move

Tempting shoppers into a store is one thing. Persuading them to buy is another, even in the busy winter shopping season. But working out the proportion of people who spend money, and in which parts of the premises at what times of the day, has been a task more subject to guesswork than analysis.

Increasingly, however, big stores realise that monitoring in-store traffic and customer service can pay dividends. This is especially true in the US, where companies like Burger King, Toys-R-Us, and Walt Disney use a new system which does just that.

Called ShopperTrak, its idea is to cut down long waits in check-out queues and weary searches by customers for staff. Frustrated branch managers often say they have little control over floor staffing, since weekly plans are generally decided by head office.

The system was developed by Datatec Industries of the US, which also sells it in Europe. It tracks people entering and leaving stores, where they go when inside, and the average amount of time spent there. ShopperTrak even distinguishes adults from children. It uses infra-red sensors above entrance and exit doors, at the ends of aisles, and at other strategic points like stairways. The sensors are linked to the retailers' tills or electronic-point-of-sale systems.

By comparing till receipts with the number of employees on the floor and the volume of shoppers at any time of the day, ShopperTrak enables managers to adjust staffing plans according to demand. The idea is to increase purchases per visit, encourage shoppers to return, and to lift "conversion rates", says Chris Carey, Datatec's president.

Conversion rates – the percentage of people entering stores who actually buy something – differ according to the type of retailer. In the US, specialist retailers such as fashion and sports outlets will typically have rates in the low teens, says Carey. In out-of-town centres the rates rise to around 25 per cent. But mass merchandisers like Woolworths have rates of between 50 and 80 per cent.

Carey observes that in the US, ShopperTrak data is used to improve customer service (including staff training and behaviour). In recession-hit UK, it is mainly a straightforward aid to sales, enabling stores to match staff numbers and open tills to customers. Since conversion rates are lower in the UK than in the US, retailers want to squeeze more sales from the large numbers of people entering shops. After five weeks with ShopperTrak, a US general retail outlet in a shopping centre can raise its conversion rate by three percentage points to nearly 25 per cent, says Datatec.

"We're looking also at France and Sweden," says Carey, who sees a growing demand for such systems among retailers. Their prices range from £1,500 to £10,000 – depending on the number and width of entrances and exits.

Though some high-profile retailers in the UK use ShopperTrak, many are not aware of its strategic aspects. These include use of the information to improve the quality and style of service through better training, and the passing of more decision-making powers down to branch level. Stores can also be designed more effectively based on the results of in-store promotions.

Allyson Stewart

Technically Speaking

IT invasion of eastern Europe

By Philip Crawford

"THE dilemma facing the east European states is an uncomfortable one. Beset with problems over food supply, galloping inflation, rising unemployment and the collapse of foreign currency earnings, they are struggling to enter the world free market and compete on an equal footing with western nations.

However, to compete they must have internal infrastructures that allow them some sort of parity with their trading partners. At present, these infrastructures simply do not exist. The dilemma is evident: countries must either invest large sums of precious foreign currency and update their information technology systems to create fundamental necessities such as efficient banking systems, or forego such expenditure and address their chronic social problems. It is an unenviable decision.

The east European states really have no choice – they have to look to the future and make funds available for IT to develop the infrastructures needed to build a modern capitalist state. The experience of Germany in its drive to make reunification work illustrates the problem perfectly.

How can companies in former East Germany hope to match their counterparts from the west in terms of efficiency if they still rely, for example, on antiquated billing methods for customers? Until this is changed, west German business will continue to be leaner, more efficient and more profitable because of its more advanced IT-based systems.

The argument for investment in effective IT is just as valid at the macro level of the country as for businesses within it. To give an example: without the effective collection of funds from taxation that IT systems allow, public expenditure will be limited. If a state's revenue stream is low, it will not be able to afford vital infrastructures such as road and railway networks.

In short, it is precisely the application of appropriate technology solutions that will help guarantee a stable economy and prosperous future for central and eastern Europe. The new states have recognised this and are now prepared to invest in IT infrastructure projects in the belief that they will reap the benefits.

Understandably, the actual payment for the technology is a central issue for all the east European countries. But it need not be as difficult as might first appear. For instance, grants, particularly for government projects, are relatively easy to secure from international bodies like the International Monetary Fund, World Bank and EC.

Clearly, the installation of hardware systems is not the end of the story. It is also not simply a matter of dumping cheap or obsolete hardware – as some have tried to do – on countries where IT skills are in relatively short supply and where computer literacy, which the west now takes for granted, is not highly advanced. Instead, a more strategic and consultative approach is required.

Perhaps it is a simplistic analogy, but I often use a comparison with Rip Van Winkle when discussing the east European states because they too have, figuratively, been asleep for a number of years and are only now just waking up. This dormancy and isolation has meant that, typically, they hold little knowledge of modern IT. They know what they want it to do for them but do not appreciate exactly how to achieve the results.

It is, therefore, the responsibility of western IT suppliers not only to sell the solutions that will help create future prosperity, but also to give comprehensive guidance on how these solutions can be used most effectively.

The reality is that without the introduction of IT, east European countries will not be able to enter the world economy as equal partners. Using IT to build an infrastructure capable of rebuilding economies shackled by decades of state control will allow these countries to generate wealth and play a competitive role in the world market.

The author is director of the systems group at Bull UK.

MANAGEMENT: THE GROWING BUSINESS

In a Nutshell

A meeting of minds on Europe

Increasing volumes of information about small and medium-sized enterprises (SMEs) in Europe are being produced by research institutes, universities, government statistical offices and trade associations.

The European Commission has launched a project to bring together research organisations throughout the community in what it calls a European Observatory. The researchers will contribute to an annual report on the state of SMEs in the community.

The project is led by the Research Institute for Small and Medium-Sized Business (EIM) in the Netherlands and involves researchers from every community member country.

Contact EIM, PO Box 7001, 2701 AA Zoetermeer, The Netherlands. Tel 010 31 79 41 36 34.

Small firms fail to cash in

Only 18 per cent of UK small businesses have capitalised on Britain's departure from the Exchange Rate Mechanism and the fall in sterling by increasing their prices in foreign markets, according to a survey of 450 small firms carried out for Barclays Bank.

Thirty-nine per cent of the businesses had made no changes in their marketing plans while 64 per cent had no strategy for managing exposure to foreign exchange risk.

Ready for the new VAT regime

The removal of most border controls and customs checks has led to a radical change in the way businesses must collect VAT data and trade statistics.

A handy guide* to the new VAT regime is provided by 1993 – Are you Ready? from accountants Price Waterhouse. It describes the information companies will be required to file, explains the new terminology and provides examples of new VAT registration number formats in the EC countries.

**27 pages. Free. Tel 071 939 3000.*

Charles Batchelor looks at the challenges posed by Europe in 1993

Surviving at home and away

The year ahead promises to be a challenging one for the smaller business. The creation of the single European market will present companies with threats and opportunities in the international context while recovery from the UK recession – if it comes – will pose problems at home.

A continuation of the recession will not be welcome but an upturn may be scarcely less painful. If previous experience is anything to go by, failure rates will increase as swelling order books put yet more strain on cash flow. Small firms will be looking for a gentle upturn so that they can gear themselves up gradually.

But it will be the long-awaited creation of the single European market which will dominate thinking in the first few months of the year. Those business owners and managers who took a decision to do nothing until the market was in place will start to see whether this approach was the right one.

If they decide, after all, that the European market does offer attractive openings they will need to develop or improve exporting skills.

They may need to contact the Department of Trade and Industry's export department* or their local chamber of commerce to start researching European markets. They should also consider taking part in exhibitions on the European mainland or joining trade missions.

Managers may need to appoint agents or distributors in continental Europe or start to cultivate links with potential joint-venture partners. Contacts can be made through the European Commission's Business Co-operation Network,** linking more than 600 business advisers throughout the EC, or the regular regional partnership fairs known as Europartenariat.†

They will need to think seriously about acquiring language skills and gaining familiarity with export procedures. These have been simplified but still need to be understood. Owner-managers may have to check with the experts whether their products are up to European safety norms and make sure that their promotional material and users' manuals are available in the appropriate European languages.

They will probably want to target one or two continental countries, preferably those with which they are already familiar or for which management and staff have basic language skills. There is no sense in dispersing their export effort over too wide a front.

Even if management has decided that it does not (yet) need to start making sales in Europe, it must be aware of the danger that continental European rivals will start to make inroads into British markets.

Checklist for 1993

Does the single market offer export opportunities for your company?

YES	NO	
☐	☐	If so: Have you appointed a European distributor or agent?
☐	☐	Acquired language skills?
☐	☐	Familiarised staff with export documents?
☐	☐	Can information systems cope with new VAT reporting requirements?
☐	☐	Are products up to European standards?
☐	☐	Could European competitors threaten domestic sales?
☐	☐	Do prices and costings reflect recent exchange rate changes?

On the home front

YES	NO	
☐	☐	Is there any sign of consumer confidence in your sector?
☐	☐	Are credit controls sufficiently tight?
☐	☐	Are stock levels monitored closely?
☐	☐	Do financial reporting systems provide timely and accurate information?
☐	☐	Could relations with your bank be improved?

This may require the UK company to improve quality, modify its products or adjust prices.

Managers need to be aware of the continuing stream of directives coming out of Brussels. Businesses need to keep an eye on the Department of Trade and Industry's Single Market guides, which provide a regularly updated overview, as well as other government publications.

Businesses which already do a substantial volume of import or export business within the community or which plan to expand their EC trade will need to take account of the considerable changes in dealing with VAT and trade statistics which took effect this month.

The removal of most border customs posts means that companies are now directly responsible for compiling VAT data in a format acceptable to Customs and Excise and for filing trading information.

Customs have said they will be lenient in the first few months but it is in companies' own interests to make sure their systems are operating efficiently.

Regardless of how their continental rivals react to the single market, British companies will have to adjust over the next few months to the impact of sterling's departure from the Exchange Rate Mechanism. As sale and purchase contracts come up for renegotiation, UK businesses will need to adapt their costings and prices to take account of sterling's fall against several European currencies. This may be the time to rethink decisions on whether to price goods in sterling or the local currency.

On the domestic front, British companies will be looking closely for signs of an increase in consumer confidence and an upturn in demand. This will be welcome when it comes but is already prompting fears about the ability of businesses to raise finance for growth.

The banks have become so restrictive in their lending policies over the past 12 months that many companies fear they will not make the funds available for growth. There are also concerns that the banks will use an upturn as a reason to call in their security on some problem loans.

The venture capital industry is going through a period of retrenchment and has anyway retreated from the financing of early stage businesses so there will be little relief from that source. Equity capital may be an option for some businesses however and small firms may need to review their dependence on overdraft finance.

The next year will require businesses to maintain the defensive strategies they have had to adopt over the past two to three years. This means a close eye on credit control procedures, checking the credit-worthiness of new customers and regularly reviewing the status of existing ones.

Businesses must continue to make sure that invoices are settled promptly and be prepared to chase customers who delay payments. This depends on financial reporting systems within the company being able to provide timely and accurate information.

Tight controls must be maintained on cash flow and stock levels should be closely monitored. Despite, or because of, concerns about the willingness of the banks to finance the upturn, businesses must maintain good relations with their bank manager.

**Exports to Europe Branch, DTI, Bay 956, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW. Fax 071 215 5674. **European Commission, London Office, 8 Storey's Gate, London SW1P 3AT. Tel 071 973 1992. †Business Co-operation Centre, 80 rue d'Arlon, B-1040 Brussels or local commission office.*

Czechs and balances

Vincent Boland finds two views on the role of chambers of commerce

Should chambers of commerce be voluntary organisations – as they are in the UK – or should they be official bodies with compulsory membership of the entire business community?

As the chambers in eastern Europe slough off their communist past they are faced with a choice between the British and the continental European models.

Their decisions could have an important impact on the effectiveness of the small business sector, which will play a crucial part in the regeneration of their economies. In the former Czechoslovakia, ironically, the business community is now pressing for compulsory membership of a proposed new Economic Chamber while the government is keen on a voluntary body.

The row reflects the growing importance of the private sector in the economy and its outcome is likely to influence its role in the continued drive to a market economy.

The chamber is designed to replace the old Czechoslovak Chamber of Commerce and Industry, which has existed in one form or another for 150 years. Legislation designed to transform it into a new, modern body based on the German model was passed by the federal parliament last May. It stipulated compulsory membership for businesses, an elected governing body and a federal structure with 17 regional divisions.

Since the elections last June which led to the break-up of Czechoslovakia, the Czech Republic government, led by Prime Minister Vaclav Klaus, has reviewed the legislation and is now seeking to pass an amendment allowing for voluntary membership.

From the chamber's point of view, this fundamental change in its constitution means abandoning the German model, whose central feature is compulsory membership, in favour of the British system, where membership is voluntary.

Antonin Smid, the chamber's executive director, points out that only compulsory membership with different rates of entry fees, depending on the size and efficiency of the business, could give the new chamber the financial resources needed to provide the private sector with the support and influence it needs.

Czechoslovakia's entrepreneurs have been lobbying unofficially to ensure that compulsory membership is retained. Jan Mazacek, general secretary of the Association of Czech Entrepreneurs, insists it is essential to police the private sector, which currently operates in an almost completely unregulated environment.

He says the amendment is dictated by the government's fear of the power which would be wielded by a body representing the entire business community, from the largest industrial group to the most humble sole trader.

Both the chamber and the association estimate that there are 1m potential members, which would give it significant negotiating power with the government.

The association, which has 150,000 members, is the largest of several such organisations. It is a signatory to the social contract drawn up among unions, employers and the federal government as part of the transition to a market economy. "The point of the dispute is that the new government realised our potential strength and is afraid of it," Mazacek says.

The government wants entrepreneurs to decide for themselves whether they wish to incur the costs of joining the Economic Chamber. Mazacek believes a compromise can be agreed, allowing compulsory membership for a period of three to five years.

"That would enable us to achieve a smooth transition to the market and see the private sector firmly established," he says. "Maybe then we could revert to voluntary membership but that is as far as we will go."

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CONTRACTS & TENDERS

GENERAL PROCUREMENT NOTICE

Łaziska Power Plant Modernisation

POLAND

Łaziska Thermal Power Plant located in Łaziska Górne, Katowice district in Poland announces bidding for procurement of goods and services for the First Phase of its Modernisation Programme.

Łaziska Thermal Power Plant consists of 2 x 120 MW and 4 x 200 MW coal fired power units erected between 1967 and 1972. The first phase of the project, scheduled for 1994 through 1998 will encompass environmental and performance improvement programmes for 4 x 200 MW units, the procurement of which is announced for the following:

- Flue Gas Desulphurization System
- Electrostatic Precipitator Modernisation
- Low Pressure Turbine Modernisation

Financing assistance for this programme is anticipated from both Multilateral Lending Agencies and Export Credit Agencies in support of Buyer's and/or Supplier's credits.

Offers will be due at MODELPOL (consultant to Łaziska Power Plant) no later than May 15th, 1993. Tender documents will be made available from February 28th to March 15th, 1993. To obtain tender documents, interested parties should send or deliver a non-refundable cashiers/bank cheque, bank transfer or cash in the Polish Zloty equivalent of $100 payable to MODELPOL, Ltd., Wybrzeze Kosciuszkowskie 41, 00-347 Warsaw, Poland. Telephone: 48-2-693-45-37, Facsimile: 48-2-693-4540; CITIBANK (Poland) S.A. account # 658995-500096004

Charity Commissioners for England and Wales

The Charities Act 1992 has reinforced the Charity Commission's role in the supervision of the charitable sector.

The Commission is in the middle of a major programme of change and has taken a fresh look at its internal procedures including the arrangements for internal audit.

Accordingly tenders are invited for the provision of an internal audit service for three years commencing **1 April 1993**.

Copies of the specification and tender documents are available from:

Mr J Reid
Charity Commission
Room 702
St Alban's House
57/60 Haymarket
London SW1Y 4QX
Tel: 071-210 4497

Tenders should be returned by:
12 noon on 16 February 1993
marked for attention of the above.

LEGAL NOTICES

Advertisement of creditors' meeting under Section 48(2) Insolvency Act 1986
Company No 1685728
KINGS (ESTATE AGENTS) LIMITED
Notice is hereby given pursuant to Section 48(2) Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at the offices of: Cork Gully, Orchard House, PO Box No 262, 10 Albion Place, Maidstone, Kent ME14 5DZ on 12 January 1993 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if: (a) They have delivered to us at the address shown above, no later than noon on 11 January 1993 written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 Insolvency Rules 1986; and (b) There has been lodged with us any proxy which the creditor intends to be used on his behalf. Please note that the original proxy signed or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Signed: N J Vooght, Joint Administrative Receiver. Dated: 29 December 1992.

Notice to Creditors
IN THE MATTER OF
TERMKEEN PLC
(FORMERLY MUNICIPAL INSURANCE GROUP PLC)
(IN MEMBERS VOLUNTARY LIQUIDATION)
NOTICE IS HEREBY GIVEN pursuant to Rule 4.139(4) of the Insolvency Rules 1986 that Christopher John Hughes and Christopher John Barlow both of Cork Gully, St Andrew's House, 20 St Andrew Street, London, EC4A 3AY, were appointed Joint Liquidators of the above named company on 22 December 1992. The company is being voluntarily wound up as part of a group reorganisation and creditors are requested to send their names, addresses and details of their claims and of any security held by them to the liquidators of the company at St Andrew's House, 20 St Andrew Street, London, EC4A 3AY on or before 1 February 1993. This notice does not affect policies of insurance issued by any group company. All known creditors have been or will be paid in full.
Dated this 22nd day of December 1992.
C J Hughes, C J Barlow, Chartered Accountants and Liquidators

IN THE MATTER OF
BEM TRAINING LIMITED
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986
In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 7 Kenrick Place, London W1H 3FF, was appointed Liquidator of the above Company by the Creditors on 14th December 1992.
Dated this 14th December 1992
Peter S. Dunn FCA, Liquidator

Meeting of Creditors pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
NATIONAL INSTITUTE OF FRESH PRODUCE LIMITED
NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors of the above-named Company will be held at Latham Crossley & Davis, 7 Kenrick Place, London W1H 3FF on 13th January 1993 at 12.00 noon for the purposes provided for in Section 98 et seq.
A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 7 Kenrick Place, London W1H 3FF, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 10th December 1992
G. C Oliver, Director

NOTICE OF MEETING OF CREDITORS
THE INSOLVENCY ACT 1986
ARBBE CONTRACTS LIMITED
(FORMERLY REDBONE LIMITED)
NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at 186 City road, London EC1V 2NU on 18th January 1993 at 11.00 a.m. for the purposes mentioned in Section 99 and 100 of the said Act.
Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, Bryanston Court, Selden Hill, Hemel Hempstead, Hertfordshire HP2 4TN not later than 1200 hours on 15th January 1993.
A list of the names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU on the 14th January and 15th January 1993 between the hours of 1000 and 1600 hours.
Dated this 23rd day of December 1992.
J. Quill, Director.

IN THE MATTER OF
CORKERY FOODS LIMITED
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986
In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 7 Kenrick Place, London W1H 3FF, was appointed Liquidator of the above Company by the Creditors on 15th December 1992.
Dated this 15th December 1992
Peter S. Dunn FCA, Liquidator

COMPANY NOTICE

THE FIRST MEXICO INCOME FUND N.V.
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NOTICE OF DIVIDEND

Shareholders are informed of a dividend distribution of US$ 0.68 per share of Common Stock declared on December 22, 1992.

The Dividend Record Date and the Ex-Dividend Date will be January 8, 1993. The Dividend Payment Date will be January 15, 1993.

Payment of the dividend on the bearer shares will be made against surrender of coupon no. 10 detached from the share certificates which for this purpose shall be lodged at:

Pierson, Heldring & Pierson N.V.
Rokin 55, Amsterdam, The Netherlands.

which acts as Paying Agent on behalf of the undersigned.

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The Financial Times, One Southwark Bridge, London SE1 9HL.

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BUSINESSES FOR SALE

Touche Ross

Herrells (Norwich) Limited
(In Administrative Receivership)

John Wilson and Lindsay Kennedy Denney, Joint Administrative Receivers, offer for sale the assets and undertakings of the above manufacturing engineers, engineers merchants and steel stockholders.

- Annual turnover to end March 1991 - £3.1m.
  Annual turnover to end March 1992 - £2.6m.
  Seven months turnover to end October 1992 - £1.3m.
- Workforce of 48 employees at date of appointment.
- Freehold premises within Norwich Ring Road on approximately 1.6 acre site.
- Extensive customer base throughout East Anglia.

For further particulars please contact John Wilson, the Joint Administrative Receiver, or Dian Wardle at the address below.

Deloitte Touche Tohmatsu International

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590979.
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Touche Ross

Lumsden Machine Co. Ltd.
(In Administrative Receivership)

The Joint Administrative Receivers, Len Gatoff and Ian Brown, offer for sale the business and assets of the above company.

- The company's business is the manufacture and sale of machine tools.
- Well established and worldwide company name.
- Experienced well qualified workforce.
- The company operates from rented factory premises in Gateshead, Tyne & Wear.

For further information, please contact either W. Paxton or P.W. Gray at the address below.

Deloitte Touche Tohmatsu International

93a Grey Street, Newcastle upon Tyne NE1 6EA.
Tel: 091 261 4111. Fax: 091 232 7665.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Austin Tiling (Retail) Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Austin Tiling (Retail) Limited.

The company, established in 1955, is based in Pitsea, Essex with further outlets in Barkingside and Eastwood. It supplies a wide range of ceramic wall and floor tiles and related products.

Principal features include:

- Annual turnover approximating to £0.75 million.
- Established customer base.
- Freehold and leasehold properties.
- Recently refurbished premises.
- Stock in trade.

For further information please contact the Joint Administrative Receiver, Howard Evans, KPMG Peat Marwick, 50 Rainsford Road, Chelmsford, Essex CM1 2QL. Tel: (0245) 260443 Fax: (0245) 492771.

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The business and assets of the above company are for sale as a going concern:

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The Joint Administrative Receivers offer for sale the business and assets of the above company.

- The company specialises in the design and manufacture of:
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  - Saturation Diving Systems.
  - Hyperbaric Testing and Training Facility.
  - Cryogenics.
- 2.5 acre Freehold Office and Factory, Aldridge, West Midlands.
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- Strong growth in demand expected following Cullen Report on Piper Alpha Disaster.

For further information please contact:
David Lovett or Davena Dyball,
Arthur Andersen,
1 Victoria Square,
Birmingham B1 1BD
Tel: 021 233 2101. Fax: 021 643 7647.

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Sale Tilney PLC
(In Receivership)

The Receivers of the above, a holding company with many diversified interests, invite offers for the following UK based businesses.

In addition via various intermediate holding companies, they will consider offers for Sale Tilney's interests in certain companies in the Food Distribution, Financial Services and Electrostatic Spraying Industries. These companies operate in either the UK, European or North American markets.

Spraybake
(In Receivership)
Braintree, Essex

Market leader in the design, manufacture and installation of wet paint spray booths for the automotive re-finish market and other industrial markets.

- Turnover c£6 million
- Freehold premises in Braintree
- Leasehold premises in Colchester
- 93 employees. Extensive order book
- German marketing operation

tesla
(In Receivership)
Storrington, West Sussex

Manufacturer of Electromagnets and Superconducting Magnets for both the Particle Physics and Medical sectors.

- Turnover c£4 million
- Freehold and leasehold premises
- 61 employees
- Extensive order book

SALE TILNEY TECHNOLOGY S·T·T
(In Receivership)
Weybridge, Surrey

Leading manufacturer of sophisticated lamp making machinery and electrostatic equipment for the Pharmaceutical and Automotive Industries.

- Substantial worldwide export business
- Turnover c£5 million
- 75 employees
- Established customer base
- Leasehold premises

For further details contact the Joint Administrative Receivers:
Maurice Withall, Peter Flesher and Scott Barnes, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Tel: 071-383 5100. Fax: 071-383 4077.

Grant Thornton

The U.K. member firm of Grant Thornton International.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Don Everall Motor Sales Ltd
(In Receivership)
Wolverhampton

The business and assets of this Main FORD and IVECO dealer are offered for sale as a going concern.

The principal features are:-

- Long established business
- 7 acre purpose built prime location site
- Annual turnover in excess of £24 million
- Extensive workshop facilities
- Diverse quality fleet customer base

For further details contact the Joint Administrative Receivers: Maurice Withall or Roy Welsby, Grant Thornton, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ.
Tel: 021 212 4000. Fax: 021 212 4014.

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OFFICE FURNITURE MANUFACTURERS
BUSINESS FOR SALE

Lapsana Limited
(in Receivership)

The Joint Administrative Receivers of Lapsana Limited offer the assets of the business, including goodwill, for sale as a going concern:

- Freehold property, c. 44,000 sq ft in Chatham, Kent
- Planning permission for 7 factory starter units
- Established 17 years
- Turnover circa £1.2 million p.a.
- 28 employees
- Customer list
- Goodwill of the company

All interested parties should contact Paul M Davis, the Joint Administrative Receiver, quoting reference L3795

Levy Gee & Partners
100 Chalk Farm Road, London NW1 8EJ
Tel: 071-267 4477. Fax: 071-485 1486
Or by telephone to Emma Marriott at the company on: 0634-829290

LEVY GEE & PARTNERS
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BKB Electricals Ltd, Electrical Power Engineering Ltd
Maddon Engineering Ltd (All in Receivership)

The business and assets of the above companies are for sale as a result of Receivership.

BKB Electricals Ltd

This company designs and manufactures low voltage DC motors principally used in the manufacture of electric fork lift trucks and AC generators for the genset industry:

- UK market leader in the manufacture of low voltage DC motors.
- Approximately 70,000 sq ft modern purpose built freehold premises at Cradley Heath, West Midlands.
- Recent major investment in substantial production facilities.
- Blue Chip and loyal customer base.
- Turnover exceeding £6m in 1992.
- 110 employees.

Enquiries to the Joint Administrative Receiver: PE Baldwin FCA, Price Waterhouse, Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT. Tel: 021 200 3000. Fax: 021 200 2464.

Electrical Power Engineering Ltd

This company manufactures a wide range of high voltage DC motors:

- Long established business with a good reputation for quality products.
- 12,000 sq ft freehold premises at Garretts Green, Birmingham.
- Turnover at circa £0.6m in 1992.
- 13 employees.

Enquiries to the Joint Administrative Receiver: PE Baldwin FCA, Price Waterhouse, Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT. Tel: 021 200 3000. Fax: 021 200 2464.

Maddon Engineering Ltd

This company manufactures generating sets:

- The products range from 2 kva to 2,000 kva.
- Recently developed the 'DECI-BEATER' ultra quiet range of gensets.
- 15,000 sq ft freehold premises at Pontypool, Gwent.
- Turnover at circa £1.1m in 1992.
- 18 employees.

Enquiries to the Joint Administrative Receiver: DA Howell FCA, Price Waterhouse, Haywood House, Dumfries Place, Cardiff CF1 4BA. Tel: 0222 378255. Fax: 0222 374124.

Price Waterhouse

THE BUSINESS SECTION
Appears Every Tuesday & Saturday.
To advertise please contact Karl Loynton on 071-873 4780
or write to him at The Financial Times, One Southwark Bridge, London SE1 9HL.

Coopers & Lybrand's Corporate Finance team has been engaged to complete the sale of the following business

BUDGE

Hytek Mouldings Ltd
Designers and manufacture of bespoke polyurethane components

- Projected turnover of £1.8 M.
- Experienced management team.
- Approximately 30 employees.

For further information please contact Jonathon Wackett or Penny Challans
Coopers & Lybrand Corporate Finance 5 Albion Place Leeds LS1 6JP
quoting reference JRW/PC/SMH302
Tel: (0532) 431343
Fax: (0532) 438260
(if telephoning please ask for the Budge Information Desk on Ext.3273/3250)

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NURSERIES

Hedon Growers (Burstwick) Limited
Halsham Farms Limited

The Joint Administrative Receivers offer for sale, with vacant possession, two highly productive freehold glasshouse nurseries situated in North Humberside.

Principal features of the businesses include:

- Burstwick - 20 acre glasshouse on 46 acre site-could divide
- Cottingham - 8.5 acre glasshouse with modern 4 bedroomed detached house on 25 acre site
- both sites incorporate modern Dutch glasshousing with Van Vliet computerised environmental and irrigation controls.

For further information please contact Michael J Moore, Joint Administrative Receiver, Coopers & Lybrand, Albion Court, 5 Albion Place, Leeds LS1 6JP. Telephone: 0532 431343. Fax: 0532 434567, quoting reference MH/JSP.

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CONSTRUCTION CONTRACTS

University library scheme

Manchester Metropolitan University has awarded **TILBURY DOUGLAS CONSTRUCTION** a fast-track contract for a new library in the heart of the city centre.

The multi-million five-storey building will accommodate library and film archive facilities, lecture theatres, meeting rooms, and a computer suite. An entrance link will connect the new library with an existing facility.

This contract is part of over £7m of new work won in the last month by the north west region of Tilbury Douglas' building division, where the local base is in Wigan.

Other projects include a design and build contract for Nuclear Electrics at Heysham, a multi-storey car park at Denbigh, and alterations and extensions to Archbishop Beck Secondary School, Liverpool.

Retailing projects

E THOMAS CONSTRUCTION has been celebrating Christmas with more than £10m worth of new business from a major foodstore chain.

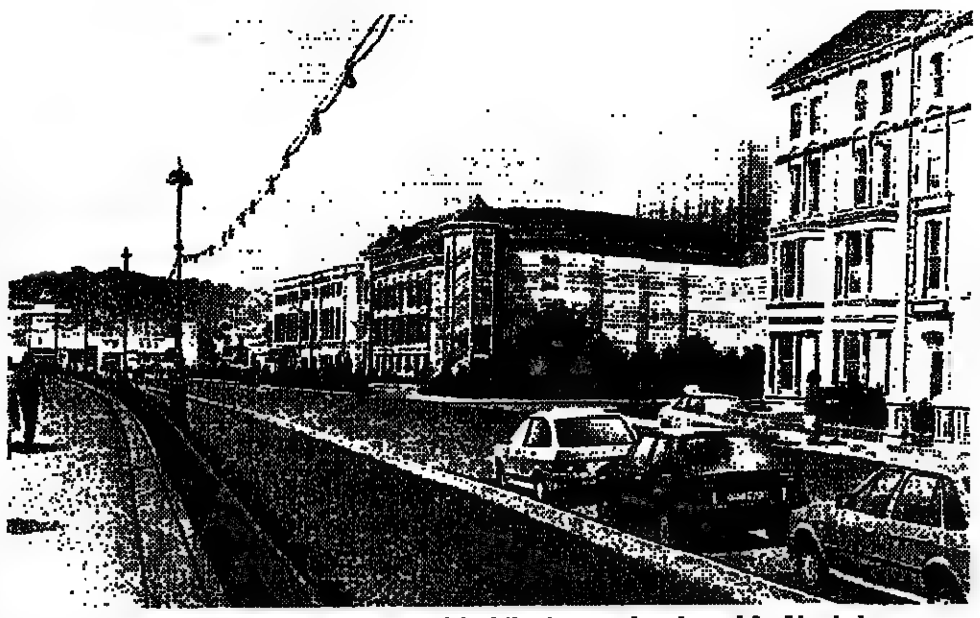
Following its first contract for Safeway Stores earlier this year, the company has now won three more at Newquay, Penzance and Totnes.

E Thomas is to fit out a Newquay store in Treloggan Road, for which it has recently completed the shell.

Safeway has awarded the company management contracts to extend its Penzance premises and to build and fit out a new foodstore at Totnes.

The 10-month Totnes project involves a structure similar to the Newquay building, with a mostly single-storey foods store of about 48,000 sq ft. It will be built on the site of the demolished Harris Bacon factory close to the river Dart, together with complete external works, roads, car parks, drainage etc, and construction of a new bridge over the leat. At Penzance, the Safeway foodstore on the approach road to the town will be expanded by some 15,000 sq ft to provide a new cafe, shop and expansion of petrol filling station, together with increased car parking space.

Welsh arts development



An artist's impression showing the new municipal theatre complex planned for Llandudno

A £4.5m contract to design and build the North Wales Theatre at Llandudno for Aberconway Borough Council is among £9.5m of new work won in north Wales and the north west by **MOWLEM NORTHERN** of Bromborough, a division of John Mowlem Construction.

Situated on the promenade at Llandudno the theatre will seat 1,500 people and will have exhibition and conference facilities. It will be linked to the adjacent Aberconway Canolfan conference and exhibition venue.

Construction will comprise a complex structural steel frame with blockwork cladding under a tiled mansard roof.

A basement will be constructed below the water table, requiring dewatering and compaction by vibroflotation.

Features of the design will be extensive glass cladding and two glass towers containing lifts and stairs at the front of the theatre and a 25 metre high fly tower for the lifting of scenery and other props at the rear. Mechanical and electrical work includes lighting, sound communications and scenery moving equipment. Work is due to start at the end of November for completion in spring 1994.

Other contracts include a £1.2m project to refurbish four tower blocks for Knowsley Borough Council and a £1.8m order to build 71 houses for Villages Housing Association.

Roadworks won by Tarmac company

Newly-formed **TARMAC REGIONAL CIVIL ENGINEERING** has got off to a flying start with contracts totalling almost £6m for roadworks in north Wales, Kent and London.

At St Asaph in Clwyd, Tarmac is to build a junction over the A55 dual carriageway. The junction will serve a planned business park.

The single-span bridge will have four slip roads to the A55 and various service roads.

The £2.2m project, for the Welsh Development Agency, also includes a landscaping scheme involving 17,500 woodland transplants and 175 specimen trees.

The London Borough of Newham has awarded Tarmac a £2m contract to build the next phase of the East Ham town centre relief road, a half-mile section between Harrow Road and Barking Road.

From Kent County Council comes a £1.6m contract to improve nearly a mile of the South Thames Development Route, adjacent to the Dartford river crossing, upgrading the route from single to dual carriageway.

Operating from bases in Wolverhampton, Manchester and Newbury, Tarmac Regional Civil Engineering was created earlier this year to tackle works up to £10m.

Larger schemes are undertaken by its sister organisation, Tarmac's major projects division.

£6.5m workload for WSJ (Contractors)

Contracts valued at £6.5m have been won by **WSJ (CONTRACTORS)**, based in Oswestry, on the Shropshire Welsh border.

In Shropshire, contracts totalling £3.4m have been secured and include the £2.4m refurbishment of Shrewsbury's swimming centre and three housing renovation schemes amounting to £1m, for clients Shrewsbury and Atcham Borough Council, Oswestry Borough Council and Wrekin District Council.

In Powys, projects include; a new industrial unit in Welshpool for the DBRW, valued at £1.6m, and the construction of six bungalows for Montgomeryshire District Council.

A further three projects in Clwyd, totalling £1m, are for the following clients; Clwyd County Council, Wrexham Maelor Borough Council and Delyn Borough Council.

PEOPLE

Sir Brian Unwin customised for EIB

The man who made his mark renegotiating the UK's contribution to the EC budget under Margaret Thatcher in the mid-1980s has just been given a job at the heart of the Community's financial establishment.

Sir Brian Unwin, the 57-year old chairman of HM Customs & Excise, is to become president of the European Investment Bank at the beginning of April, making him the first Briton to hold the position and the fifth president in the bank's 35-year history.

His arrival comes at an intriguing time. The EIB, which last year lent more than Ecu 15bn – making it a bigger lender even than the World Bank, and the biggest borrower on the international capital markets – has been handed a central role in the EC growth package agreed at last month's Edinburgh summit of Community leaders.

His 17 years at the UK Treasury up to 1985, including the agreement reached at Fontainebleau on the UK budget contribution, would seem to make Sir Brian better suited to restraining ambitious EC financing plans, rather than promoting them. Speaking from his office in London yesterday, though, he appeared an enthusiastic supporter of the Edinburgh agreement. The Ecu 5bn of extra financing over the

next three years, and the establishment of a new European Investment Fund, was a "very significant package" which would greatly advance the sort of infrastructure investment in which the EIB specialises, he said.

Sir Brian points to extensive experience in EC-related negotiations to fend off any suggestions that he is ill-suited to handling pressure from politicians in Brussels. This includes leading the UK's negotiators on the harmonisation of EC banking law in the mid-1970s, and serving as the senior UK director on the EIB's board for three years in the mid-1980s. As chairman of Customs & Excise in the run up to the EC's single market, he has also had to oversee what he calls "a vast administrative upheaval".

Valerie Strachan promoted at Excise board

Valerie Strachan, one of two deputy chairmen at Customs and Excise, has been promoted to the chairmanship of the board, in succession to Sir Brian Unwin *(see above)*. The appointment is at permanent secretary level, making her the third woman currently – alongside Stella Rimington, boss of MI5, and Barbara Mills, director of public prosecutions – to attain the highest grade within the civil service.

For the past three years, Strachan, 52, has been director general responsible for the internal taxation and customs group, which has put her very much in the spotlight during the run-up to 1993; during the UK presidency she chaired the group of member state officials

in Brussels charged with the indirect tax and customs arrangements to come into effect from the beginning of this year.

Speaking on the fourth day of the operation of the single market, she admits it is "too soon to be totally confident about everything. But so far as the immediate effects are concerned – what happened to travellers – it seems to have gone well, and people are generally satisfied we have done what we said we would. As for the impact on business, it is too soon to say. I expect it will be a little rough round the edges before everything settles down."

Consequently, she signals that "making sure the single market works" will be one of her principal tasks in the next year or two. She is keen to stress that, while there have been a number of headline successes in combating drug-smuggling, some "very big challenges remain". And, despite its essentially regulatory role, the department has various standards to meet as regards the citizen's charter.

Recently, the top job at Customs & Excise has appeared to alternate between an internal appointee – as Strachan is – and an outside candidate – as was Sir Brian. Strachan herself joined the department from university in 1961, but she has worked elsewhere within Whitehall, including the Home Office, the Treasury and Cabinet Office.

Her contribution to the European cause was last year recognised when she won the UK Woman of Europe award.

Rolls-Royce, the UK aero-engine and industrial power group, has appointed John Cheffins (above) as the company's new director for civil engines following the departure last month of Frank Turner to take over as the new managing director of Lucas Aerospace.

Cheffins, who is 45, has spent all his working life with Rolls-Royce. After joining the company's Derby operations as an undergraduate apprentice, Cheffins was transferred to Rolls-Royce's Canadian operations in 1975. He became president of Rolls-Royce Industries Canada in 1989.

Cheffins will be replaced by Barry Eccleston as president and chief executive of the Canadian operations. Like Cheffins, Eccleston is also 45 and joined Rolls-Royce as an undergraduate apprentice. He has worked for the company in Japan as well as holding several marketing posts, including four years with International Aero Engines (IAE), the US-based aero-engine consortium of which Rolls-Royce is a leading partner.

■ Thorntons, the chocolate manufacturer and retailer, has strengthened its board with the internal appointment of five new directors.

John Coyle, John Culverhouse, Nigel Etchelss, Peter Heaps, and David Mitchell were all divisional directors of the company before their appointment to the board.

John Thornton, chairman, said all five would "bring with them considerable experience of the business, skill and expertise". Since the group's listing in 1988, its main board - comprising himself, Michael Thornton, deputy chairman, Alan Goodwin, finance director, and two non-executive directors - and the divisional directors had in practice worked together as one board. The new appointments simply formalised this position.

Thorntons, 48 per cent owned by the Thornton family which founded the business in 1911, is currently expanding its UK and European operations. It plans to increase the number of UK shops from 395 to 650 in the next five years.

BUSINESSES FOR SALE

REPEAT INVITATION TO TENDER FOR THE HIGHEST BID
for the Purchase of the Assets of "TEMEA TECHNIKI S.A. STUDIES, CONSTRUCTIONS AND INSTALLATIONS", of Piraeus, Greece.

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skouleniou Street, Athens, Greece, in its capacity as *Liquidator of "TEMEA TECHNIKI S.A. STUDIES, CONSTRUCTIONS AND INSTALLATIONS"*, a company having its registered office in Piraeus, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990,

announces a repeat call for Tenders

for the highest bid by submission of sealed binding offers for the purchase by public auction (the "Auction") of the assets of the Company, as a single whole.

BRIEF INFORMATION: The Company was founded in 1961 and until 1990 (when it was first declared under liquidation in accordance with Law 2190/1920) was engaged in the manufacturing and trade of machinery, calender mills and mechanical constructions and with the study and surveillance of mechanical and electrological works. The Company's operations ceased in 1991 and no personnel is currently employed. Assets include one plant in Piraeus built on a 863m² plot with mechanical equipment, vehicles, furniture etc.

OFFERING MEMORANDUM – FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. Binding Offers: For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 1 February 1993, 11.00 hours, to the Piraeus Notary Public, Mrs Chariklia Amorali, address: 53, Filonos Str., Piraeus 185-35, tel: +30-1-412.68.73. Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
3. Letters of Guarantee: Binding offers must be accompanied by letters of guarantee, for an amount of drs twenty five million (25,000,000), issued, in accordance with the draft form of letter of guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to be valid until the adjudication. Letters of guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the letters of guarantee shall be forfeited as a penalty.
4. Submissions: Binding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
5. Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in her office, on the 1st February 1993, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
6. As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interestes of all of the creditors of the Company.
7. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
8. All costs and expenses of any nature in respect of the participation and transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
9. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. The Liquidator and the Notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
10. This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

For obtaining the Offering Memorandum and for any further information please apply to the Liquidator of the Company: "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities", address: 1, Skouleniou Street, 105 61 Athens, Greece. Tel: +30-1-323.14.84, fax: +30-1-321.79.05 (attn: Mr. Peter P. Dracopoulos) or the Liquidator's agent: Mr. John Pitsios, address: 19-21, Arachovis Str., Athens 106 80, tel.: +30-1-360.13.24 (from 10.00 to 12.00)

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Send inquiries to Fax # 404 363 9797 (USA)

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Christopher Miller, London Office on 071-486 4231
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The Joint Administrative Receivers offer for sale the business and assets of Calder Ashby Socotec Limited, long established building consultants and surveyors.
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For information contact the Joint Administrative Receiver, David Rolph, at Moore Stephens, St.Paul's House, Warwick Lane, London EC4P 4BN
Tel: 071-334 9191 Fax: 071-248 3408
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The Joint Administrative Receivers offer for sale the business and assets of
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Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

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Hogarth House, 31 Sheet Street,
Windsor, Berks SL4 1BY
Tel: 0753 831525
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Charles Price & Co.
Tel: 071-493 2222, Fax: 071-408 0855
Ref: DLS/JRW/CIP

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Tel: 071 873 3349
Fax: 071 873 3064
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

هكذا من الأصل

Domingo's Walküre

Placido *qua*, Placido *là*. Not content with virtually every leading Italian and French tenor role, Domingo conducts, sings pop and broadcasts multilingual New Year messages. Now comes Domingo as Siegmund in a new production of *Die Walküre* at the Vienna State Opera (broadcast by Radio 3 on January 2).

For once, Domingo's famed professionalism was not enough. His German diction was poor. He looked uncharacteristically old and clod-footed, standing out awkwardly in a cast of experienced, authentic Wagnerians. His *Italianate* delivery – which stood him in good stead in previous *Heldentenor* roles such as Lohengrin – was inappropriate to Siegmund. No-one can blame Domingo for wanting to take on the part: as a popular tenor with a beautiful voice, he can virtually dictate terms to managements (and record companies) grateful for commercial success. He has the vocal stamina and technique – and as he nears 60 (whatever the dictionaries may say), he must seize the remaining challenges while still in good health. Also, how many acceptable alternative Siegmunds are there today?

But this was Domingo's Siegmund, not Wagner's. His thick southern European accent discounts him as a credible Wagner tenor. Where the composer's deeply Teutonic text demands understanding and clarion despatch, the words came out as a string of indistinguishable vowel sounds. Where Wagner's music corresponds to the sharp consonants and forward sonority of the German language, Domingo softened the tonal contours. Pre-occupied with an alien text, he seemed unsure how to respond to Wagner's musical spaces, vacuously splaying his arms, his Calaf-like pony-tail adding to the out-of-context appearance. One is forced to ask – just how much does Domingo rethink his stage persona for each character he portrays?

The performance began to settle only after Siegmund's demise. Even then, it was uninvolving. Conducted by Christoph von Dohnanyi and produced by Adolf Dresen, this *Walküre* (part of a new *Ring* to be completed in May) is a feeble successor to the 1967 Karajan-Preetorius staging. The imbalance in the cast is the least of its problems. Herbert Kapplmüller's poorly-lit sets – a fur-lined igloo in Act one, a black field-tent for Act two, a risible mini-volcano for the magic fire circle – offer a flimsy platform for repertory-style acting. Dresen offers not a single original idea.

Dohnanyi conducted efficiently: but it all sounded too calculated. Robert Hale, now the favoured Wotan in Vienna, Berlin and Munich, was handsome in voice and appearance, but lacked personality. Kurt Rydl made a powerful Hunding, his battle with Siegmund providing a lone moment of dramatic veracity. Ute Priew's Fricka was a big, busty bossy-boots, not unlike some of the Viennese matriarchs in the audience. Waltraud Meier's first Sieglinde was subdued: she needs a more suitable partner. Hildegard Behrens's Brunnhilde struggled valiantly to bring some life to the proceedings. Was there ever a greater indictment of "international opera" than this?

Andrew Clark

Ballet in 1992/**Clement Crisp**

Clouded by the death of a master

The accounts for 1992 do not balance. Loss outweighed gain; the good had to be set against much that was footling, inadequate. The year was overshadowed by the death of Sir Kenneth MacMillan, whose career was dedicated to the idea of ballet as an art of our – rather than our grandparents' – time. He found a way to show the springs of behaviour through eloquent movement, and sometimes questioned ballet itself in order to reach a truth. His last gift to the Royal Ballet was *The Judas Tree*, seen in March, a work as densely layered with meaning as anything he had created, and one which showed him still finding stimulating dance imagery. It was a piece centred upon Irek Mukhamedov, but like all MacMillan's repertory, it inspired superlative performance from its entire cast.

Mukhamedov, at the peak of his powers, was the year's dominant performer from the January evening when he stepped on Covent Garden's stage as a tremendous Albrecht in *Giselle*. I have been fortunate enough to see almost every leading Albrecht of the past 50 years, both East and West. None, for me, has gone more potently to the core of Albrecht's being than Mukhamedov, nor made the romantic agonies of the role so moving. He went on to give a no less grandly romantic interpretation of Solor in *La Bayadère*, in a cast which brought Altynai Asylmuratova as the ideal Nikiya, Darcey Bussell as a virtuoso Gamzatti, Stephen Jefferies as a commanding Chief Brahmin. The old ballet came gloriously alive.

Mukhamedov's artistry was also fascinating when he was cast against type, as des Grieux in *Manon*, where his dramatic intelligence was matched by that of Jefferies' menacing Lescaut; these two vivid theatrical temperaments were also ablaze when Mukhamedov made his debut as Romeo with Jefferies as Mercutio. To watch Mukhamedov's Rudolf in *Mayerling* was, again, to see a reading of passionate truth. In his MacMillan roles Mukhamedov has found artistic justification for his decision to join the Royal Ballet.

This repertory has had most rewarding playing from the company. Michael Nunn won his laurels in his created role in *The Judas Tree*, and, in the biggest challenge of his career, showed us a Rudolf whose vulnerability was made clear by his refinement of means as dancer and actor. From Tetsuya Kumakawa dancing of technical brilliance as Colas, as Solor, as Puck, and in *Scènes de ballet*. To the company's credit we must also place Viviana Durante's mysterious dignity as the woman in *Judas Tree*, Darcey Bussell's speed and clarity in Balanchine works and in Forsythe's *In the middle*, and interpretations by Leanne Benjamin, Fiona Chadwick, Lesley Collier, Gillian Revie, Natalie McCann and Jane Burn in *Mayerling*.

Performances of *Scènes de ballet*, of Balanchine's *Symphony in C* and *Violin concerto* were a joy of the year, and I salute the musical standards that obtained under Barry Wordsworth's baton. Forsythe's *In the middle* (fast junk-food for the eyes) sat heavily on the debit side, as did the decision to turn a lightweight film into the interminably flimsy *Tales of Beatrix Potter* on stage.

Birmingham Royal Ballet produced an impressive revival of MacMillan's *The Burrow*. The acquisition of his *Romeo* was a move which seemed at first to over-stretch the company, though Nina Ananiashvili made a noble and touching Juliet. I have never been an admirer of Kurt Jooss's brand of European dance – too earnest for its limited means – but BRB's revival of *The Green Table*, to mark the piece's 60th year, was well liked by its fans. A new piece by Oliver Hindle, pious about American Indians, also failed to convince me that worthy causes necessarily make worthy ballets.

English National Ballet had a bad year, its repertory too reliant upon stagings by Ben Stevenson. His crass *Nutcracker* and noxious *Cinderella* contrive to minimise their interpreters. ENB offered one interesting creation, Kim Brandstrup's poetic *White Nights*, which was given in the welcome context of an evening of short pieces that included two brief dance-jokes by David Parsons, well told by their casts; something rather earnest about Schubert by Robert North (though the admirable and Apollonian Thomas Edur came to its rescue) and *L*, a muscle-bound moment from the inescapable Mr Stevenson which lived up to its title.

That ENB acquired the Moscow star Ludmila Semenyaka as guest and then hardly cast her, was like using a Fabergé Easter egg as a door-stop. She was allowed, though, to redeem the role of Cinderella (a task akin to turning plastic into platinum). ENB spent the year looking far below its best, without concern for its historically interesting repertory, and without a classical ballerina (Semenyaka's role, but one denied her). If I have a hope for 1993, it is that the company be rescued from its artistic and technical doldrums.

Elsewhere 1992 was (like every other year, alas) much concerned with swan-upping. Performance of *Swan Lake* was an epidemic. The Royal Ballet began the autumn season with its choreographically admirable, but dramatically anxious, staging. In June, Birmingham also offered swans. London City Ballet toured a version throughout the first months of the year. Northern Ballet Theatre, with an improbable staging (but ah! the title!) presented it for 16 weeks. "Stars of the Bolshoy" travelled the land with the second act for three months, though with the redeeming presence of Natalya Bessmertnova. The National Ballet of St. Petersburg (resounding title; less than resounding company) also trudged the provinces with a version, made bearable by Nadezhda Pavlova and Lubov Kunakova as guests. I need hardly add that ENB will mount a new production early next year. That there are precious few ballerinas – and how precious that few – who should be entrusted with its leading roles, is yet another nail in the coffin of this masterpiece.

Alastair Muir

Irek Mukhamedov: at the height of his powers, seen here in the late, lamented Kenneth MacMillan's last work for The Royal Ballet, 'The Judas Tree', with Viviana Durante

When not distracted by our feathered friends, London City Ballet showed sound triple bills of work by Balanchine, Ashton, Lichine, Jack Carter – pleasingly done. Northern Ballet Theatre, as an alternative to its alleged swans, came up with *A Christmas Carol*. Dull choreography was rescued by well focussed performance, songs, brilliant design by Lez Brotherston, and enough sentiment to knock Tiny Tim off his crutch. Clinging desperately to my principles, I enjoyed it.

A year of directorial uncertainty did not inhibit London Contemporary Dance Theatre from performing with tremendous verve, and acquiring work to challenge its excellent dancers. Pieces by Mark Morris, Christopher Bruce, Amanda Miller were all welcome, and found the company in cracking form. Rambert Dance Company produced a lot of new choreography, and lost Richard Alston as director. Workshops in May brought intriguing (and in the case of Mark Baldwin, intriguingly different) dances. By the time the company reached the horrid Royalty Theatre for a summer season, six new pieces had been introduced to the repertory, including a disappointing "first" – Merce Cunningham's *Touchbase*, which was shared with Cunningham's own company and was reportedly partly "generated" by computer. It looked it. Serious design is part of the Rambert image, and Paul Huxley's bold set for Alston's *Cats Eyes* was distinguished. Novelties from Mark Baldwin and Paul Old were welcome, but the most impressive creation was Siobhan Davies' *Winnsboro Cotton Mill Blues*, in which the lives of the workers and their looms seemed one.

Among the year's dance pleasures was Siobhan Davies' *White Bird Featherless*, made for her own troupe. It was clear-toned, allusive, and Sean Feldman's dancing was outstandingly elegant. But dominating the year's free dance creativity was DV8's *Strange Fish*, a fierce theatre piece about faith, love, belief, and the way they all, says DV8, let us down. No matter what the message, the ensemble playing was stunning, with Wendy Houston and Nigel Charnock leading a troupe of hair-raisingly committed artists.

Nothing else approached this, and much of what was on view – from dim British groups to dimmest French ensembles – was a vexation to the spirit. Michael Clark's *MMM*, was a joy-ride on a stolen *Sacre du printemps*, noteworthy only for his own exquisite solo. Adventures in Motion Pictures took a flyer at *The Nutcracker* at the Edinburgh Festival, and Matthew Bourne made something merry of it, though Tchaikovsky's greatest moments escaped him. I did not enjoy Jonathan Burrows new *Very* as much as I had hoped, but I am eager to see anything this gifted creator shows. And whatever the ups and (mostly) downs of the year's free dance, the work of The Place as a platform for every kind of movement performance remains invaluable. Adventurous, generous-minded, its policies are admirable, no matter how awful some of the things on view. Prospective sponsors, please note.

Visitors included the Berlin Ballet with a less than happy repertory; the Australian Ballet with sound classical stagings; Alvin Ailey's company with familiar work and familiar energy; Cumbre Flamenca, with Mariquilla hammering rhythms into the ground; the Ballet du Nord with an enchanting re-creation of the original *Fille mal gardée*. Mikhail Baryshnikov came with his White Oaks Project, and remains a prodigious artist in Mark Morris's *Ten Suggestions* and in Graham's *El Penitente*. The rest of the White Oaks offerings ranged from the tedious to the frightful. The Royal New Zealand Ballet came to the Derngate Theatre in Northampton (which has the liveliest dance programming of any British theatre outside London) with a theatrically vital *Hamlet*. Nederlands Dans Theater appeared briefly in Bradford.

Russian companies, bearing a variety of improbable names, came in quest of hard currency, with stagings hardly worth a rouble at today's rate. The presence of the princely Yury Posokhov, from the Bolshoy, made Moscow City Ballet's *Sleeping Beauty* bearable. Star-less, their *Nutcracker* was also pointless. Bessmertnova toured with a *Stars of the Bolshoy* group, lustrous still as Giselle; the National Ballet of St. Petersburg swanned around. The Ballet Theatre of St. Petersburg came burdened with supposedly modern choreography by Boris Eifman – an experience not recommended.

These visitors are victims of economic conditions in Russia. Tour they must, in quest of convertible funds, in order to exist (and there was a depressing rumour that some corps de ballet dancers received bed and breakfast and just £30 a week as recompense for slogging night after night at the mill. Slavery is not dead). That most of their offerings were conceived without regard for Western standards in design and production, and that lack of resources meant pauperish presentation, is sad, but no excuse for risibly inadequate stagings, nor for standards of dancing that are, shall we say, variable.

There are significant companies in Russia apart from the Mariinsky and Bolshoy troupes – the Perm Ballet has a fine reputation – but care is essential is showing them off. The visit of the Kiev Ballet to Paris was less valuable than we had hoped, as I reported from the *Palais des Congrès*. The good name of Russian ballet must not fall victim to audiences willing to clap anything with a Russian name – or to fast-buck impresarios.

Among performances abroad – the Paris Opéra Ballet on magnificent form; Roland Petit's endearing Chaplin tribute in Rome – the second Bournonville Festival in Copenhagen is the year's happiest event. There were ten days of Bournonville's choreography; the Master's bust garlanded with flowers in the dear King's Theatre; a "family" of admirers from round the world; the delights of Copenhagen itself. Good ballet-goers are Danes at heart.

'Germinations' spreads through Europe

William Packer welcomes the expanding scope of the Young Artists' Biennale

This year's *Germinations* calls itself, in its subtitle, the European Biennale for Young Artists, but it is something more particular than that. It began seven manifestations and ten years ago as an initiative of the Franco-German Office for Youth, which still takes the principal responsibility in organising what has by now become a remarkable growth – *Germinations* indeed a happily prescient label to adopt.

That first exercise was a simple collaboration between France and Germany, by which the work of promising art students of the two countries was shown together in Berlin and Paris. The following year, British art schools were invited to join, with the show visiting Kassel, Edinburgh and London. Here I should declare an interest, for I was the chairman of that first British selection panel, a role I also took on for *Germinations 4*.

So the pattern was set, of an international exhibition every year or two, travelling always to different cities, of a selection of the work of Europe's art students. It has tried itself as an annual – last year it was at Aachen – but as it has grown, so its organisational and logistical commitments have proliferated, and a biennial cycle is likely to prove the more comfortable – Breda is provisionally the next venue, but not until later in 1994.

By *Germinations 4* of 1987, the Netherlands had made it a club of four. Now, in *Germinations 7*, ten of the 12 member states of the European Community are represented, Luxembourg and Italy the exceptions, and three countries of the former Eastern bloc, Hungary, Poland and Czechoslovakia, have been invited to take part; in all there are 62 exhibitors. The practice tested in previous *Germinations*, of setting up workshop and studio exchanges among the participating artists, has been continued, with Budapest, Prague and Grenoble the host cities.

What all these developments represent in terms of human opportunity, especially now with the Community newly opened up, the world at large more volatile than ever, and the need simply to speak across national and cultural barriers never more apparent, hardly needs spelling out. Needless to say, our own Department of Education & Science, in its wisdom, withdrew its previous modest funding from the current exercise; fortunately the British Council, the Arts Council and the National Association of Fine Art Education were able jointly to make up this deficiency.

To be fair, some of the exhibiting countries were supported in their contributions only from the Commission's enabling funds and those of the Franco-German Office, which together keep the show on the road. Whether such an apparently inequitable situation can or should continue is another matter. Given the record and the ever-expanding international scope of *Germinations*, the attractive possibilities of even modest commercial sponsorship seem obvious enough.

But the question in principle remains, as to whether or not *Germinations* should be allowed to continue to expand exponentially. It is a matter variously of character, focus and practicalities. To grow over-large, cumbersome and sluggish was the dinosaur's fate. My own view is that no matter how many contributory states are welcomed into the *Germinations* club, not all of them should expect, nor even wish, to exhibit every time. A constant permutation of ten or so, with a constant round of fresh partners and new places, would keep it manageable, the focus tight, the spirit fresh. It is too good an enterprise to be allowed to founder under its own weight.

"And what, Mrs Lincoln, did you think of the play?" Well, the show is beautifully installed in the Grenoble *Magasin*: most surprising is the consistency. I had expected more variety, and had hoped for at least some true idiosyncracy. That said, what follows is predictable enough, for, in a knowing age, these young artists are nothing if not professional, and what they have given us, most especially of sculpture, is very much the staple of the international galleries and art magazines.

Here is the elegant disposition of given materials, sometimes in bizarre or surreal juxtaposition, as with Gilles Barbier's line of familiar objects (Fr) – telephone, broom handle, chair, cupboard door and so on, strung together to articulate crankily across the floor – or the barely visible minimalism of Wolfgang Ritter's low glass and metal slabs (D). It was no surprise that the large relief installation by Mathieu Manche (Fr), consisting of hooded and sinisterly extended plastic overalls hung along the wall, should win the Georges Boudaille Prize of a solo show at the *Magasin* in the near future.

The painting was less conspicuously chic and fashionable and, in consequence, more variously engaging – though how one longs for some genuine and substantial response to the visible world, seen, studied, analysed and properly restated. But then I would say as much of an student show I have seen these 20 years. Here an intensely-felt drawing of herself by Namora Quintino de Barros (P), and the simple still-life drawings of Gomes de Araujo Queiroz (P), come the nearest to so old-fashioned an ideal.

For the rest, the dark expressionist street-scapes of Anja Leu (D) are very strong, for all the modesty of their scale and presentation. I also like the hard-edge tartan abstractions of Susanne Paesler (D), and the deceptively simple come-and-go of Niall Persaud's painted surfaces (GB). The rectilinear grisaille abstractions of Philip Smith (GB), and Anna Cooley's simplified lamp set against a colour-field (GB), are also notable. Lee Mulligan's lipstick video (Ir) is hauntingly engaging in its sheer desperation.

'Germinations 7': Magasin, Centre National d'Art Contemporain, Grenoble, until January 24: supported by the European Commission and individual cultural ministries or institutions.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: piano recital by Sergio Tiempo. Tomorrow at 12.30: free lunch-concert with Royal Concertgebouw Orchestra. Tomorrow and Thurs: Riccardo Chailly conducts works by Beethoven, Bartók and Rimsky-Korsakov. Sat afternoon: Graeme Jenkins conducts concert performance of La forza del destino (6718 345)
Muziektheater Harrison Birtwistle's Punch and Judy opens on Sat in a new production staged by Pierre Audi and conducted by Oliver Knussen. Runs till Jan 29 (6255 455)

■ BERLIN

OPERA/DANCE
A new production of Minkus' ballet Don Quixote, directed by Patrice Bart, opens on Thurs at Staatsoper *unter den* Linden. Other performances include Entführung tomorrow (with Peter Schreier as Belmonte) and the Gielen-Berghaus production of Pelléas et Mélisande on Sun (200 4762). Tonight, Fri and Sun at Deutsche Oper: Don Carlo with Julia Varady and Matti Salminen. Sat: Peter Schaufuss' Nutcracker production (341 0249)
CONCERTS
Tonight at *Philharmonie*, Spiros Argiris conducts Berlin Radio Orchestra in Bruckner's Seventh Symphony. Fri and Sat evening, *Sun morning*: Nikolaus Harnoncourt conducts Berlin Philharmonic in symphonies by Haydn and Mendelssohn. Sun and Mon: Kurt Sanderling conducts Berlin Radio Symphony Orchestra in works by Prokofiev and Brahms. Sat evening in *Kammermusiksaal*: Gerhard Oppitz, Frank Peter Zimmermann and Heinrich Schiff play piano trios (2548 8232). The *Schauspielhaus* has an orchestral concert tomorrow and a Bach and Mozart programme on Sun by Akademie für Alte Musik. Next Mon: Maazel conducts Vienna Philharmonic (2090 2156)

■ BRUSSELS

Leopold Hager conducts Belgian National Orchestra in works by Schubert, Liszt and Beethoven on Fri evening and Sun afternoon at Palais des Beaux Arts, with piano soloist Pierre Alain Volondat (507 8200). Kleist's Amphytrion opens next Tues at Théâtre National (217 0303)

■ CHICAGO

CHICAGO SYMPHONY
Daniel Barenboim conducts the next six programmes. Thurs, Fri, Sat: Berio's Continuo and Brahms' Second Piano Concerto (Yefim Bronfman). Jan 13, 15: Elgar and Bruckner. Jan 14, 16, 19: Tristan und Isolde Act 2 (435 6666)
CHICAGO LYRIC OPERA
Lucia Mazzaria and Giuseppe Sabbatini sing in La bohème tonight, Fri, next Mon and Sat. James Morris heads the cast in a new production of Das Rheingold, opening Jan 23 (332 2244)

■ GENEVA

A ballet production featuring new works by Itzik Galili and Christopher Bruce opens at the Grand Théâtre on Fri, daily except Sun till Jan 15 (311 2311)

■ MILAN

La Scala Sergey Larin sings the title role in Don Carlo tonight, Thurs, Sat and next Thurs. The Nutcracker can be seen on Fri and next Wed. Gidon Kremer gives a recital next Mon (7200 3744)

■ NEW YORK

DANCE/OPERA
State Theater New York City Ballet resumes repertory performances tonight with works by Balanchine and Robert LaFosse. The season continues daily except Mon till Feb 21 (870 5570)
Metropolitan Opera Tonight, Fri, next Mon: Jenufa. Tomorrow and Sat: La bohème. Thurs: Semiramide. Jan 14: new production of Meistersinger (362 6000)
CONCERTS
Leonard Slatkin conducts tonight's New York Philharmonic concert at Avery Fisher Hall, featuring works by Dvořák, Mendelssohn, Gershwin and Rouse. Thurs, Fri, Sat and next Tues: Kurt Masur conducts Mozart, Haydn and Dvořák, with cello soloist Yo Yo Ma (875 5030). Dennis Russell Davies conducts American Composers Orchestra on Sun afternoon at Carnegie Hall (247 7800)
JAZZ
Koko Taylor, Queen of the Blues, is in residence with her Blues Machine at the Blue Note Jazz Club and Restaurant. Daily till Sun at 21.00 and 23.30 (475 8592)

■ PARIS

Théâtre des Champs-Elysées Tomorrow and Thurs: Charles Dutoit conducts Orchestre National de France in Boulez's Notations, Beethoven's First Piano Concerto (Alicia de Larrocha) and Tchaikovsky's First Symphony (4720 3637)
Châtelet Tomorrow: Olaf Bär song recital. Thurs: William Christie and Les Arts Florissants. Sun: Riccardo Chailly conducts Royal Concertgebouw Orchestra (4028 2840)
Salle Pleyel Tomorrow and Thurs: Günther Herbig conducts Orchestre de Paris in works by Webern, Prokofiev and Strauss (4563 0796)
Théâtre de la Ville Fri and Sat: Jordi Savall directs Hesperion XX in early 16th century Spanish music (4274 2277)
Théâtre des Bouffes du Nord Impressions de Pelléas, Peter Brook's Debussy adaptation, daily except Sun and Mon till Jan 23 (4607 3450)
Hôtel Meridien Paris Etoile Lionel Hampton and his Orchestra, daily till Sat (4086 3042)

■ VIENNA

Staatsoper Tonight: La traviata with Tiziana Fabbricini. Tomorrow and Sun: Khovanshchina. Thurs and next Mon: Lucia di Lammermoor with Gruberova. Fri: Il barbiere di Siviglia. Sat: Tosca with Mara Zampieri (51444 2955)
Musikverein Thurs: Frank Peter Zimmermann, Heinrich Schiff and Gerhard Oppitz play piano trios. Fri and Sat: Mariss Jansons conducts Vienna Symphony Orchestra in works by Strauss and Stravinsky, with Felicity Lott. Sat afternoon, Sun morning: Lorin Maazel conducts Vienna Philharmonic (505 8190). Sat and Sun at Konzerthaus: Sandor Vegh conducts works by Schubert, Beethoven and Suk, with piano soloist Rudolf Buchbinder (712 1211)

■ WASHINGTON

KENNEDY CENTER
Washington Opera presents Don Pasquale tonight, Thurs, Sat and next Mon, with Bizet's Pearl Fishers tomorrow and Fri. Mstislav Rostropovich conducts National Symphony Orchestra in works by Wolf, Dvořák and Shostakovich on Thurs, Fri, Sat and next Tues, with cello soloist Natalia Gutman. The Secret Garden, *a musical based on the* novel by Frances Hodgson Burnett, runs daily except Mon till Jan 31 (202-467 4600)
THEATRE
● A Moon for the Misbegotten: Eugene O'Neill's play about the tragic life of his brother. Till Feb 14 (Center Stage 41-332 0033)
● Edward II: Christopher Marlowe's play staged by Washington Shakespeare Company. Opens on Fri, till Feb 6 (Church St Theater 703 739 9885)
● La Bete: David Hirson's comedy about an acting troupe in 17th century France. Opens tomorrow, till Feb 9 (Source Theater 202-462 1073)

■ ZURICH

Opernhaus Tonight and Thurs: *Il barbiere di Siviglia with Cecilia* Bartoli. Tomorrow: Schreker's Die Gezeichneten. Sat and next Tues: Don Giovanni with William Shimell and Ann Murray. Sun: Madama Butterfly. Mon: Peter Schreier song recital (262 0909)
Tonhalle Tomorrow and Fri: Serge Baudo conducts Tonhalle Orchestra in works by Brahms and Rimsky-Korsakov (206 3434). Thurs: Vaclav Neumann conducts Stuttgart Chamber Orchestra, with violin soloist Josef Suk. Next Mon in Kirche St Peter: Heinz Holliger and wind soloists of Chamber Orchestra of Europe (261 1600)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
[illegible], 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0700-0710, 1230-1240, 2230-2240 FT Business Daily
0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly – global business report with James Bellini
0710-0730, 1240-1300 (Wed) FT Media Europe
0710-0730, 1240-1300 (Fri) FT Eastern Europe Report
2240-2245 FT Report

Sky News
2030-2100, 2230-2300 FT Business Weekly

SATURDAY

CNN
0900-0930, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel
0830-0900 FT Business Weekly

Sky News
1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1900-1930 FT Business Weekly

Sky News
0130-0200, 0530-0600 FT Media Europe
1330-1400, 2030-2100 FT Business Weekly

US revival will be weaker than many expect, says **Martin Feldstein**

Tough task ahead

The year 1993 should be a good one for the US economy: low inflation, declining unemployment, and legislative progress to reduce future budget deficits. It should be good, but it is not guaranteed to be. The unusually weak character of the recovery that began 21 months ago raises doubts about its robustness and even its sustainability. And although President-elect Bill Clinton's rhetoric has been reassuring since the election, the hard task of legislating for tough deficit-reduction policies still lies ahead.

Consider first the economic recovery. The strong upturn of demand and production that began in September and October has induced most private forecasters to predict that real gross domestic product will increase at least 3 per cent this year, more than enough to assure that the unemployment rate will continue its decline. From a peak of 7.7 per cent in June 1992, the unemployment rate has already fallen to 7.2 per cent.

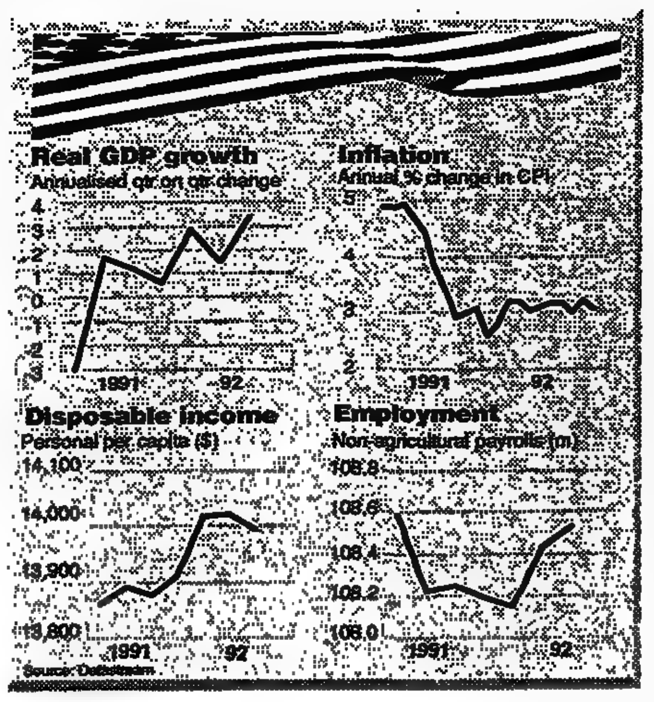
Three per cent GDP growth in 1993 would bring the unemployment rate by year-end to less than 7 per cent, reinforcing consumer confidence but leaving enough slack in the economy to keep the recent 3 per cent rate of consumer price inflation from rising.

A big reason for the recent cyclical acceleration has been the increase in retail sales provoked by the recovery of consumer confidence that began in October. Retailers reported strong Christmas sales, suggesting that the decline in inventories that began in September has continued and will stimulate increased production in the new year.

The decline in intermediate and long-term interest rates that began in early December could continue as financial markets grow confident that the Federal Reserve will maintain its anti-inflationary policy and that the new president will succeed in enacting legislation to cut the deficit. Such declines in interest rates would stimulate housing and other investment and, by reducing the value of the dollar, would increase net exports.

While a mild upturn is more likely than not, there are three reasons why the recovery will be weaker than the consensus forecast and might run out of steam completely.

First, consumers lack the incomes to sustain their recent rate of growth of spending. Real disposable income rose only 1 per cent during the five quarters from the start of the recovery until the third quarter of 1992 and declined in the most recent month. The primary reason for the slow growth of incomes is that payroll employment is lower now than when the recovery began. And with the personal saving rate down to only 4.2 per cent of disposable personal income – lower than any year for at least three decades – there is little prospect for increased spending without a rise in employment and incomes.



Second, there is no external driving force of the sort that stimulated and sustained past upturns. Although short-term interest rates are depressed, the low inflation rate and the steep yield curve imply significant real interest rates for longer-term credits. With the broad M2 monetary aggregate up at a rate of only 2 per cent over the past six months, only a very unusual rise in velocity would lead to the projected 6 per cent rate of increase of nominal GDP during the next six months.

Third, despite the large federal deficit, the behaviour of the combined federal and state-local budgets is likely to be slightly contractionary in 1993 on a cyclically adjusted basis. And the higher international value of the dollar, combined with the weakness of other industrial economies, is likely to reverse the rise of US exports that began in September.

The recovery's strength is also endangered by unusual transition factors: defence cuts, banks' reluctance to lend while they try to conform to higher capital ratio guidelines, and the freeze on commercial construction in response to high office vacancy rates.

In short, while there are reasons to be optimistic about 1993, there are also substantial uncertainties. The same is true for longer-run policy decisions.

The most important long-run problem remains the budget deficit and the resulting low rate of national saving. Households, corporations and state-local governments now save only 5 per cent of GDP after providing for depreciation. The federal government must borrow two-thirds of that saving to finance its cyclically adjusted structural deficit. Net national saving has thus been reduced to only 2 per cent of GDP. With the inflow of foreign capital at only about 1 per cent of GDP, total funds available for business investment and housing construction are only 3 per cent of GDP.

During the election campaign, Mr Clinton generally ignored the budget deficit. He issued a campaign budget proposal that called for a middle-class tax cut and a variety of spending increases. His budget only limited the structural deficit to an unchanged 3 per cent of GDP for the next four years by a variety of wishful-thinking improvements in government efficiency. The Clinton plan to provide health insurance to 37m uninsured Americans was omitted from his budget. In addition, top advisers called for a big supplementary deficit increase in 1993 to stimulate the economy.

Fortunately, since the election Mr Clinton has emphasised his determination to reduce future budget deficits. He has indicated that the middle-class tax cut may be postponed. He has talked about limiting the favourable tax treatment of health insurance premiums paid by employers and taxing social security benefits. Some in the Clinton camp have advocated significant increases in gasoline taxes.

Nevertheless, talking about deficit-reduction strategies is easier than getting the congressional votes. President Reagan sought to cut social security benefits and limit health insurance tax breaks but could find no support in Congress. Although the Democrats' control of Congress may allow Mr Clinton to achieve certain things more easily, Republicans are unlikely to vote for politically unpopular benefit cuts or tax increases, and Democrats will not be eager to do so on their own.

The opportunity to reduce future budget deficits, like the prospect of accelerating economic activity, may look better now than it has for years. But uncertainty will remain at least until the cherry blossoms bloom in Washington.

The author is professor of economics at Harvard University and president of the National Bureau of Economic Research

A rebound with risks

Japan's economy is set to recover in 1993, says **Masaru Yoshitomi**

There are two outstanding features of Japan's current recession. One is the gross national product gap, the difference between potential and actual GNP, and the other is the sharp deterioration of financial institutions' balance sheets.

The GNP gap is widening rapidly. There is a simultaneous decline in investment in manufacturing, commercial business construction and consumer durable goods. All three sectors are now suffering from excessive stocks, and all are victims of the deflation of Japan's "bubble" economy of the 1980s.

Falling investment is partly the result of an increase in capital costs. Whereas companies could raise funds through the issue of equity at an abnormally low cost of about 1 per cent during the late 1980s, the decline of the stock market has confronted companies with higher financing costs. In the corporate bond market, for example, the cost of capital is about 5 per cent.

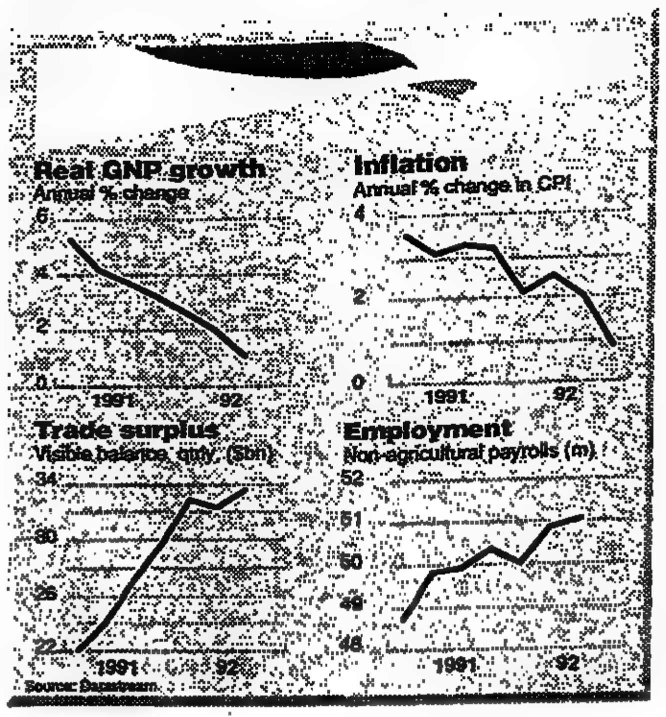
The plunge in prices of stocks and land has hit consumer demand, and contributed to a sharp increase in real estate-related bankruptcies. The value of these bankruptcies has climbed steadily over the past two years, reaching a record for the post-war period.

The sharp fall in stock prices, which saw the Nikkei index fall by 26 per cent last year, has threatened financial institutions by undermining their ability to meet the Bank for International Settlements requirement of an 8 per cent capital adequacy ratio by the end of March 1993.

However, it has become increasingly clear that the more important culprit in weakening banks' balance sheets has been the decline of land prices and the widespread uncertainty over real estate price trends in the future. As a result, there has been an accumulation of non-performing assets at the banks and an increase in defaults by their clients.

There is much speculation about the magnitude of this problem, but the scale is large enough to make commercial banks worried about the adequacy of their own capital, regardless of the BIS regulations. Meanwhile, deferred interest payments and the writing-off of bad assets are also large enough to erode the bulk of banks' gross profits.

In these conditions, financial institutions have naturally become risk-averse in their lending policies. One result is that there is little increase in money supply, and only a small increase in bank lending – in other words, a credit crunch.



Bank loans for small and medium-scale enterprises are stagnant, which is unusual. In past recessions, banks vigorously extended loans to such enterprises, allowing them to play a leading role in the recovery from recession.

The Japanese government recognised the unique features of the current recession, and launched a comprehensive Y10,700bn (£56.6bn) spending package in August. As a result, government investment in public works will increase by 13 per cent in the year to the end of March 1993. Government loans for private housing at low interest rates are already contributing to a recovery in residential construction.

In sharp contrast to private institutions, government financial institutions have been extending loans to small and medium-scale enterprises. The value of such loans is presently growing at an annual rate of 6 to 7 per cent. At the same time, the government has been increasing its procurement of land in an attempt to stimulate real estate transactions.

Given the government policy package, what are the prospects for the Japanese economy? Two groups of forces are at work, but pulling in different directions. One is the government-supported expansion of public investment and housing development, and the other is sluggish activity by the manufacturing, commercial building, construction and consumer sectors, which is depressing economic growth.

Only during 1993 will the successful adjustment of capital stock levels reduce these negative forces, leading to a recovery of final demand. Private economists forecast that real GNP growth will reach about 2.7 per cent for fiscal 1993, compared with 1.6 per cent for this year. The present slump is expected to bottom out in the first half of fiscal 1993, and be followed by a second-half recovery which will be sluggish.

But there are two risks. First, will an unemployment problem eventually emerge? Second, could the expansion of Japan's trade surplus cause new conflict with the new US administration?

If weak final demand further threatens the labour market, the government should consider the introduction of income tax cuts, combined with the promise of an increase in consumption tax a few years later. This value-added tax now stands at 3 per cent.

The policy combination would meet two requirements simultaneously, providing a shorter-term stimulus of demand, and achieving the medium-term target of transferring the country's tax collection system from direct to indirect taxes. It would also help to contain the budget deficit.

Strong political leadership is required for this simultaneous commitment. It is also clear that short-term interest rates should be lower than during a normal recession to ease the shortages of capital and credit.

On the trade front, Japan's surplus has expanded rapidly over the past year and a half. It is often assumed that the recession must be responsible for this expansion, by depressing demand for imports. But more than 80 per cent of the surplus is due to more favourable terms of trade for Japan because of the appreciation of the yen and to reduced "financial transactions".

For example, export prices in dollar terms are higher, and the price of imported petroleum has declined. In addition, a sharp decline in gold imports has added to the surplus.

A recovery of the US economy will certainly enlarge the external imbalances of both the US and Japan. This will create a pattern in which the additional shortage of US domestic savings required for that country's recovery and growth will be financed by the further expansion of Japan's surplus.

How these larger external imbalances are perceived and dealt with by the new US administration is just one of the uncertainties facing Japan in the coming year.

The author is vice-chairman of the board of counsellors of Japan's Long Term Credit Bank Institute of Research

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Peso reform cosmetic

From Ms Frances Stewart.

Sir, In a short account of Mexican currency reform ("Mexico slims peso", December 31) you illustrate the change by pointing out, first, that a meal for four in a top Mexican restaurant will no longer cost 1m old pesos, but will cost "just" 1,000 pesos; and "alternatively" that the minimum daily wage will be a "mere" 12 pesos. Such cosmetic change will not alter this shocking ratio, viz that individuals in Mexico spend on a single meal more than 20 times the daily minimum wage – which often supports as many as six people. If such a family on the minimum wage eats twice a day, and spends 70 per cent of its income on food, then each person's meal will at most cost 0.3 per cent (three thousandths) of the price of the meal of each person at the top restaurant.

Unfortunately, it is not just the peso which is being slimmed, but also the many millions in Mexico surviving on the minimum wage or less. The 1980s saw "liberal" pro-market policies adopted in Mexico, in which wages were deliberately reduced so as to release resources to repay debts and increase profits. The data you quote is the result.

Frances Stewart,
International Development Centre,
Queen Elizabeth House,
University of Oxford

Corporate rescue can be costly and pointless exercise

From Mr Peter Gordon.

Sir, I am a small shareholder in a small public company currently in administration.

I have just received four documents, weighing 2lb 2oz and comprising 244 pages, setting out proposals for the reconstruction of the company. The two principal documents tell me that if I am in any doubt about the action I should take I should immediately consult my "stockbroker, bank manager, legal adviser, accountant or other professional adviser authorised under the Financial Services Act 1986".

Insofar as the directors "believe that if the proposed reconstruction is not approved and implemented there is no likelihood of any distribution being made to ordinary creditors, nor of any value being preserved for ordinary shareholders" I am not, in fact, in any doubt about the action which I should take.

While, on the one hand, however, I cannot fail to be impressed by the lengths to which the company and its advisers have had to go to protect the interests of small shareholders, on the other, the whole (obviously very costly) exercise does seem somewhat pointless.

The company has a substantial balance sheet deficit – a fate unfortunately shared by many other companies at the present time – and I would have thought it desirable for some less cumbersome and costly process to be introduced where rescue operations are being considered and where the shareholders have no effective interests to be protected.

Peter Gordon,
28 Bishops Road,
Hove,
Sussex BN3 6PN

Across the board responsibility

From Mr John Mackie.

Sir, "...so long as less scrupulous financial directors retained latitude over what to include in earnings per share..." (Lex, "Consensus", December 29). Why just financial directors? It is the boards of directors who have been, are, and will remain responsible for financial statements issued in their name.

John Mackie,
High Cedars,
Firfields,
Cobbetts Hill,
Weybridge,
Surrey KT13b 0UD

Real cause of damage to US silver mining

From Mr Peter S Bridges.

Sir, I enjoyed Arnold Wilson's article on Leadville and skiing ("Leadville, living on a legend, December 34). He writes that "In 1893, when along with other old mining towns. . Leadville had its heart torn out by a government decision to end the silver standard."

It was in fact only in 1900 that bimetallism officially ended in the US, when Congress passed the Gold Standard Act. But Mr Wilson is correct in indicating that the real damage to Colorado silver mining was done in 1893 – by the British authorities as well as by the American.

In June 1893, India ceased coining silver, and the price of silver tumbled in four days from 83 to 62 cents an ounce. In October 1893, the US Congress repealed the Sherman Act which had required our Treasury to purchase several million ounces of silver annually. And any hope of a recovery in silver mining ended in the presidential election of 1896, with the defeat of William Jennings Bryan and "Free Silver".

Peter S Bridges,
3738 Robinhood Street,
Houston,
Texas 77005, US

Analysis without sentimentality in the coal mining debate

From Mr Malcolm Edwards.

Sir, In the great energy debate the FT will wish to make the case that sound economics must not be swamped by latter-day sentimentality about British coal mining. Neither is it easy to determine the truth in the swirl of rival prices and costs. But the "Grimy face of coal" (December 29) does not help FT readers to a sound analysis of the environmental issues in the energy debate. It is remarkably misleading. For example:

● The issue is not about increasing coal burn, but the size of the reduction. The "additional" tonnages now being mooted will not affect the environmental issues one way or another.

● Coal-fired power stations contribute about 8 per cent of the world's greenhouse gases. CO_2 emissions by UK power stations are falling; It is CO_2 emissions from transport that are rising.

● The UK did not obtain lenient targets under the EC large combustion plant directive by promising to burn more gas in power stations. Gas burn for power stations was not even considered. The targets were lenient because the electricity industry argued that it needed time because it had fitted flue-gas de-sulpherisation (FGD) and British power stations were very large.

● FGD reduces sulphur and nitrous oxides to very low levels. Twelve gw of FGD were agreed to enable the 80m tonnes of coal then being burnt at UK power stations to comply with the directive. This was reduced to 8 gw to make the sale of the generators easier but now only 6 gw are being built. Germany has 50 gw installed at its privately-owned power stations. One year of the British nuclear levy would fund 10 gw of FGD and the power would still be cheaper than nuclear.

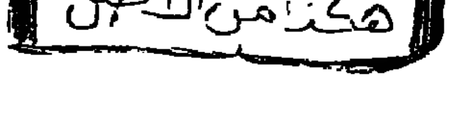
● Nevertheless, sulphur and nitrous oxide emissions from British power stations are falling and will continue to fall. It is again transport that is causing nitrous oxide emissions to rise and this is responsible for the reports of "poor air quality".

● Any government initiative that can now be detected is likely to make open-cast emissions more difficult to get, not less.

The article is redeemed by its last sentence. Coal burnt in combined cycle would reduce sulphur and nitrous oxide to minimal levels and CO_2 by at least 20 per cent *and* produce cheap power.

Any grime there is can be cleaned from the face of coal if today's technology is fully utilised; the new coal technology combined with vigorous conservation will clean it cheaply. The antithesis in the article is not real.

Malcolm Edwards,
Edwards Energy,
London SE14



FINANCIAL TIMES

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Tuesday January 5 1993

No Erhard on offer

THE LOSS of ministers from Chancellor Helmut Kohl's coalition is starting to match the loss of steam in the German economy.

The weekend resignation of Mr Jürgen Möllemann, the economics minister, who admitted signing official letters promoting a product invented by his wife's cousin, was not, by itself, a very significant event. The minister's title of vice-chancellor reflected his now-dashed standing and ambitions in the Free Democratic party, the coalition partner of Mr Kohl's Christian Democrats, rather than his real political weight. Mr Möllemann's failure to make headway with his insistently argued support for free-market policies and a Gatt trade deal is adequate testimony to his junior status.

Nonetheless, Mr Möllemann's departure provides another illustration of disarray in the German cabinet, which has seen the premature departure of five ministers in just over nine months. It strikes a jarring note in Mr Kohl's efforts to bring about improvement in economic policy. Amid increasing signs that Germany may be moving into serious recession, the government's problem-solving ability seems inversely proportional to its challenges.

Mr Möllemann's much-publicised aims of cutting subsidies in the west of the country and encouraging a self-generating upswing in the east bore little fruit. For these failings, however, he is not the only person to blame.

Onerous burdens

Mr Möllemann has also played a central role in recent talks between trade unions and the government, aimed at reaching a "solidarity pact" to curb inflationary pressures and put the financing of German unity on to a sounder footing. These negotiations, designed to reach agreement on wage restraint, public spending cuts and reallocation of tax revenues, have been faltering for several weeks, primarily because of a dispute over social security reductions.

Recognising that a credible deal would greatly improve the chances of significant cuts in Bundesbank interest rates, Mr Theo Waigel, the finance minister, has urged the need for a successful conclusion this month. If his hopes are dashed, the burdens awaiting Mr Möllemann's successor are likely to be still more onerous – as will be the economic difficulties for Germany's EC partners.

Waning star

In an ideal world, Mr Kohl and his coalition partners would use the opportunity of Mr Möllemann's resignation to refashion the economics ministry's role and responsibilities. Mr Kohl's world is not, unfortunately, ideal. The ministry, presided over by Mr Ludwig Erhard between 1949 and 1963 and by Mr Karl Schiller between 1966 and 1972, became a byword for the liberal policies which powered West Germany's postwar revival. For 20 years, however, the ministry's star has been waning, while the men in charge have become accident-prone. Mr Möllemann is the fifth minister since 1977 to leave under a cloud. The ministry's monetary policy remit was transferred to the finance ministry in 1972. Its responsibilities have become increasingly focused on subsidising traditional industries like shipbuilding and coal, and new ones such as electronics and the Airbus: activities which neither have led to successes, nor sit easily with the old *Ordnungspolitik* credo.

Yet even if Mr Kohl wanted to reshape the economics ministry's tasks, he lacks either the powers or the personnel to carry this out. Under the existing coalition agreement, the Free Democrats are free to choose Mr Möllemann's successor. There has been speculation that Mr Kohl might want to bring in a Christian Democrat politician such as Ms Birgit Breuel, the head of the Treuhand agency. But the chancellor will probably not risk a coalition squabble on this. Nevertheless, the new minister will need to command more confidence from industry than did Mr Möllemann.

Whoever takes over must – like Mr Möllemann – make east Germany's economic rebirth a priority. But slogans alone will not work. Germany's economic and social rigidities represent a powerful handicap to the free-market policies which would represent the best chance for speedy east German renewal. Unhappily, politicians of Erhard's stature are no longer on offer and neither is the environment in which his precepts once flourished.

University challenge

AMID THE furore over school league tables and opting out, the biggest change in UK education policy since the 1988 Education Reform Act has gone almost unremarked. It is the decision, buried in last November's Autumn Statement, to limit the growth in university student numbers to 13 per cent over the next three years.

Though sudden, the move is far from arbitrary. In the "new" universities (former polytechnics), enrolments for full-time courses have been rising at an annual rate of around 20 per cent for the past four years. Across the sector, student numbers are already significantly above those projected in last year's higher education white paper. Changes in funding methodologies will cause anguish, but vice-chancellors should welcome the respite to consolidate.

However, capping student numbers can only be a short-term policy. Before long, pressure to expand *further* will be intense. Indeed, the decision to concentrate extra state funding for the next few years on further education for 16-19-year-olds will only increase the crush at the university gate. By the end of the decade, as many as one in two school leavers may be qualified to go on to university.

The question is not whether, but how, the next wave of growth is to be accommodated. The answer will determine the shape of Britain's university system into the next century. It is essential, therefore, that the government use the current respite to launch a public debate on the options in terms of funding, quality and structure.

Social equity

If supply is to keep pace with demand, and quality maintained, the higher education bill could easily double in the next decade. With competing demands for resources, not least from schools, it would be unwise to assume that the taxpayer will meet the bill unaided. But the only other plausible source of funds for tuition is students and parents themselves. As a simple matter of social equity, there is a strong case for a means-tested student contribution to fees, either in the form of loans or a graduate tax; it could prove irresistible when expansion resumes.

Much depends upon the answer to two subsidiary questions. What quality should students have a right to expect? And what aspects of higher education should the state have an interest in funding?

At present, most students take for granted the right to study away from home, adding greatly to the cost of their education. They also expect small classes – but get anything from one-to-one tutorials at Oxbridge to jammed lecture theatres at some former polytechnics. A national assessment of teaching quality ought to be the first task of the new Higher Education Funding Council. At the very least, state fees to institutions should be geared to quality.

Priority subjects

The state has a strong interest in promoting the study of subjects, notably science and engineering, likely to be of direct benefit to the economy. It has almost none in giving teenagers a first chance to live away from home.

State funding should be directed accordingly. The process has already started with *differential* fees for different subjects. The differential needs to be increased, and combined with substantial bursaries for students in national priority subjects. *Financial* support for students to study away from home ought perhaps to be regulated on the same basis.

The relationship between research and *teaching* needs to feature prominently in the debate. The platitude that "good teaching and research go hand-in-hand" is true enough. But with the expansion in postgraduate *studies*, it is important that researchers concentrate their teaching efforts on graduate students. Alas, Britain's ancient universities, which have many of the best researchers, still give pride of place to undergraduates and often treat graduate students as second-class citizens. In a national context, that attitude makes no sense. *There is a case* for elite colleges for the brightest undergraduates, but none for the country's leading universities making the provision of them their main activity. *The government* should say so, and prepare to adjust funding incentives accordingly.

After an arduous 1992, Russia faces further pain this year if reforms are to continue, writes **John Lloyd**

Yeltsin's year of living dangerously

Boris Yeltsin and George Bush sat bathed in the television lights in the Kremlin's St Vladimir's Hall. They had signed the Start 2 treaty cutting more nuclear missiles than anyone had done before. They assured each other of their place in history, of their triumph in making the world safer for their children. Mr Bush went off to the airport to complete the last days of what he calls his "watch". Mr Yeltsin now squares up to a year which promises to be as hard as any he has had to face.

Even his successes, like Start 2, bring trouble: he now has to steer it through a nationalist-minded parliament, where many of the deputies *see it as a sell-out to* an American empire they still regard as evil. His "friend George", as he called him, expressed faith that Russia's would be "a future forever free": for Mr Yeltsin, the *achievement* of that goal will be through the hardest of pounding.

It will be most severe in the economy. He has not wavered in his support for the free-market radicalism which Mr Yegor Gaidar, prime minister for much of last year, attempted to practise. He grumbled. In October, he made a speech in parliament so lukewarm in its *endorsement* of the government that its best line was "any other would have been worse". But he never seemed seriously to consider any alternative.

He is aware, however, of the risks of continuing a policy so destructive to the living standards of his people: end-of-year figures show wages have risen 12-fold over the past year in nominal terms, but there has been a 20-fold rise in the consumer price index. With the exception of gas, production has plunged in every sector including oil, which last year amounted to a little more *than 80 per cent of 1991's output*. In his keynote speech to the December Congress of People's Deputies, Yeltsin sought to assure people that the state would not desert them; that he knew Russians thought it should "accomplish more for its citizens than is customary in other countries", especially in industrial restructuring and social protection.

But how, is the largest question of this year. How, without again churning out credits (curbed in the last quarter of 1992) which threaten hyperinflation? How, without closing many of the no-hoper Russian plants? How, without forcing unemployment way up from its (alarming to Russians) 1.5 per cent present level? The president and his government began last year with some prestige and could have carried through painful changes: there was some pain, but worse must follow if reform is to be pursued. Now it will come, if it does come, with a weaker productive base and a stronger opposition.

Yeltsin: unfinished business

Beginning of 1992: possibilities

- Consolidation of democratic institutions
- Price liberalisation; privatisation; financial stabilisation
- Convertibility of the currency
- Commonwealth of Independent States (CIS) strengthened
- Ratification of Start 2

End of 1992: achievements

- Presidency, government and parliament continue to work
- Prices for most products set freely
- Privatisation of shops and small workshops under way, big privatisations begun
- Inflation falling from mid-year peaks of nearly 30 per cent a month, budget *deficit smaller in last quarter*
- Limited convertibility of rouble through twice weekly currency exchanges.
- Start 2 signed: tactical nuclear weapons returned to Russia

1993: dangers

- Referendum on new constitution in April may fail
- Increasing calls for price controls
- No plans to lift controls on energy and other prices
- Large-scale privatisation may be stopped or changed in favour of work collectives by parliament
- Voucher scheme may fail
- Rouble *remains low against the dollar and highly inflationary*
- *No formal division yet between Russian rouble and other CIS countries' roubles*
- Start 2 faces difficult ratification process
- Tension between Russia and other states likely to grow; unresolved disputes with Ukraine could again worsen relations

Like Bush, Yeltsin wrung what solace he could from foreign triumphs: but they were a different kind of triumph. He capitalised, like *Mr Mikhail Gorbachev before him*, on the shrinking of Russia's power: almost everyone loves a weak Russia, which allows arms cuts, peace dividends and need no longer be feared in tracts of the world where it had dominated. Only the Soviet clients, notably Cuba, Vietnam and the radical Arab states, regret the passing of Soviet power – and they wreak what revenge they can on the defecting "elder brother" by refusing to pay their debts.

The president's foreign trips have been fêted occasions for signing trade and friendship treaties, for *rhetorical set pieces (such as his* well-regarded address to the UK parliament in November) and for western pledges of support. Only Japan has not been wooed: so icy has it remained, indeed, that Mr Yeltsin cancelled a state visit at the last moment rather than be snubbed over Russia's continuing possession of the four Kurile islands, which Japan insists on getting back before its economic might is turned to Russia's aid.

But he has had to conduct two foreign policies: one for the world; one for the "near abroad", or the 14 *former Soviet states that are now* Russia's neighbours. This has been a much larger test of his skill, one he has so far passed well.

He himself took the heat out of many of these hotspots. He frolicked on the beach at Dagomys with President Leonid Kravchuk of Ukraine – standing back from confrontation over the Crimean region and the Black Sea fleet. He has been able to persuade the Estonians and (to a lesser extent) Latvians to be more liberal in granting rights to the Russians who have become *de facto* citizens of their republics. He personally negotiated peace with the Moldovan government after war threatened to erupt between Russian speakers in that republic's Trans Dnestr area and the ethnic Moldovans. He has not bowed to the temptation to rattle his sabre at the little states, where the 25m Russians-out-of-Russia feel under threat; and he has not stinted in his support for Mr Andrei Kozyrev, the liberal and unpopular foreign minister.

Keeping the peace in the former Soviet Union has been hard to do and will become harder. Many former supporters – like Mr Oleg Rumyantsev, chairman of parliament's constitutional committee, and Mr Yevgenny Ambartsumov, chairman of the international affairs committee – have become hard-edged nationalists, demanding more protection for the "foreign" Russians and support for the Slav brothers in Serbia. The Yeltsin-Kozyrev line cannot withstand many more wars on the borders – wars which, like those in the Caucasus, have now *slopped over* inside Russia itself.

These will get worse – in Georgia, Armenia, Azerbaijan and Tajikistan, where the shattered economies are on a war footing: perhaps in other states nervously "at peace". The root cause of the tensions with Ukraine were smoothed, not solved: the Crimea and the Black Sea fleet remain flashpoints, as does the Trans Dnestr and, conceivably, the many Russian areas of the Baltic states.

Mr Yeltsin's best hand has been the political one. He finessed two Congresses in April and December, in both cases appearing to go down before an assault of hardliners only to snap upright again like a skittle on a spring. Most important, he sustained his reformist cabinet through the year, its very existence proclaiming that Russia was changing. He did this in spite of its unpopularity in the country and the detestation felt for it by most deputies.

Though Mr Gaidar was sacrificed in the end, his reform strategy and his team have survived so far. The former premier himself, as Mr Yeltsin made clear in his new-year message, remains on the shelf waiting to be plucked down again for a future "high post" (a comment that cannot have made Mr Victor Chernomyrdin, *Mr Gaidar's successor*, sleep more securely).

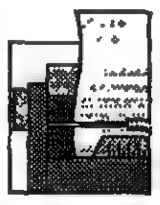
The byzantine politics which produces these switchbacks, where no outcome seems consonant with preceding events, is explicable only if one realises that the power of the Russian state still seems to hold. Whoever heads it – tsar, general-secretary or president – has been able to call on vast powers and equally vast submission: enough of both remain for Mr Yeltsin to be able to dictate the *forms of government, if not always the substance.*

This year may be the limit for the efficacy of such power games within a nominally democratic framework. If the rudiments of a pluralistic order are not set down, there will be no alternative for Mr Yeltsin but to turn to a more authoritarian rule. That he still means to try the democratic way seems evident in his *naming of April 11* as the day when the people of Russia will be asked to vote on a constitution, in which the powers of presidency, government and parliament are at last codified. Only if some form of this is accepted will the construction of a civil society be possible: only then will the leading institutions and individuals begin to feel constrained – and supported – by laws which they too easily regard as contingent on their own ambitions and positions.

All politicians at his level are walkers on tightropes: but Boris *Yeltsin's is higher than any other's.* Where his fellow leaders generally administer settled societies, he must sit atop a state in which every institution, private and public, is being rebuilt, in which the very individuals are seeking to remake themselves. He cannot know how successful he will be. He has lived dangerously, and will not rest from doing so this year.

PERSONAL VIEW

Look to consultants for NHS efficiency



As if to be sure of starting the new year with a new crisis, the government is planning to lose no time in cutting London hospitals. Though the official Tomlinson report that recommends closing 2,500 acute beds in central London looks increasingly tattered as "consultation" proceeds, health ministers say the government will not waver.

The official line is that central London is overprovided with acute hospitals, *but general practitioner* and community services need strengthening. The latter is beyond dispute. However, in a wider appraisal of London's health services, a King's Fund report concluded that inner London was *not* over-bedded.

Tomlinson's approach to the problem of assessing future needs for health services in central London was casual – "we have looked briefly at various indicators". The *report is full of contradictions; for* example, it says that on average "Londoners are no less healthy than people elsewhere", *yet* on the next page mentions death rates 21 per cent above average for people aged 15-64.

Similarly, Tomlinson refers to "large numbers of homeless people" and quotes a "conservative estimate" of 60,000 people in London sleeping rough or in temporary accommodation. But what, if anything, is allowed for extra hospital needs for homeless people is (typically) not stated. The implication is *that it is nothing.*

Though Tomlinson found that waiting times for treatment in inner London are generally longer than average, he treated the problem as unimportant because they had recently improved somewhat. Nonetheless, at June 1992, and even on government figures, one in seven patients of inner London teaching hospitals had waited more than a year for elective treatment, after the wait for original consultations.

Then Tomlinson's assessment of acute hospital beds was that inner London beds were not used efficiently. For instance, he says London teaching hospitals in 1990-91 treated 1,000 "episodes of care" in 20.3 beds on average whereas teaching districts outside London used 18.8 beds. Tomlinson assumes that

Perhaps the most critical feature overlooked was the mushrooming of commercial medicine

because such "patient throughput" has been speeding up in the UK and because some patients are being sent to outer hospitals, inner London needs about 2,500 fewer beds. He doesn't tells us – because he doesn't know – how much London slowness is due to inefficiency and how much to other factors such as in-patients not having a suitable place for discharge.

Perhaps the most critical feature Tomlinson overlooked was the mushrooming of commercial medicine since the Thatcher government in effect deregulated NHS consultants' contracts in 1980. A recent King's Fund report estimates that "full-time" and part-time NHS consultants in greater London as a group now earn more from private fees than from the NHS. However, research has shown the critical importance of consultants in determining hospital efficiency. Are they available? *Are they diligent in* supervising their junior staff?

What should be done?

First, the one sensible proposal in Tomlinson should be implemented at once – the strengthening of GP and community services.

Second, now that commercial medicine in London has grown from a marginal to a major commitment for many consultants, they should be asked to choose which demanding job they want to do, NHS or *commercial medicine. Since waiting* lists are the main reason people use commercial medicine, it is bizarre to put the senior NHS medical staff into a conflict of interest worth another £50,000 a year on average.

Third, the auditor and comptroller general should make his presence felt. Consultants who look in briefly at their NHS hospitals and then spend the day in commercial medicine are giving their staff too much exciting experience and defrauding the NHS.

When contracts have been tightened, when waiting lists have been cut and when community care has been rejuvenated, it will be time to implement other long-term plans for Londoners' health. Plan, that is, from a competent, on-going health planning group for the capital that should be set up now.

Peter Draper

The author is emeritus consultant to Guy's Hospital

OBSERVER

Death of a Springbok

■ South African rugby fans will be hoping that the passing of rugby supremo Danie Craven ushers in a new era for the beleaguered national team whose return to international competition has been less than triumphant.

Even worse than performances on the pitch – played five tests, lost four – has been the attitude off it, where rugby has given every impression of being deeply mired in the symbolism of old South Africa. Unlike cricket, rugby is a classic contact sport and this is one of the reasons why black South Africans were so long ostracised.

Having presided over the game for more than 40 years, Craven must inevitably take some of the blame. But though he may not have been fully prepared for the new South Africa, nor was he ever much in sympathy with the old regime. Indeed, he always prided himself on being a supporter of Jan Smuts and was never close to the Afrikaans political establishment.

He was no friend of the ANC, though, and spent much of his time telling it to stop meddling in rugby's affairs.

Craven's replacement has yet to emerge. His co-president, Ebrahim Patel, has the right political credentials, but no support base. Some believe that Louis Luyt, the maverick Transvaal rugby boss and former fertiliser magnate, is the only man for the job, but he suffers from the opposite defect. Former captains like Morne du Plessis and Wynand Claasen have the right profile, but haven't served administrative time.

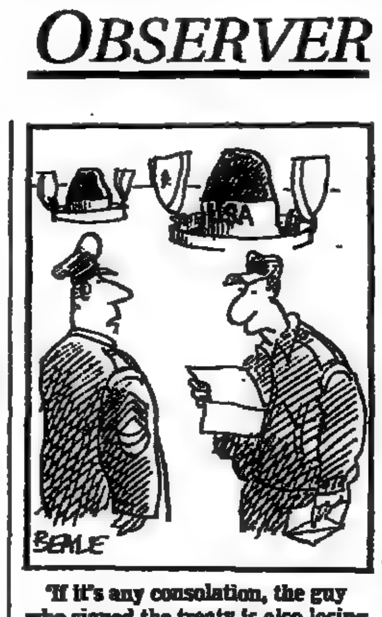
Ironically, it fell yesterday to cricketing chief Ali Bacher, ANC sports head Steve Tshwete and the South African and Indian cricketers playing in the test at Newlands to be the first to mark Craven's passing with a minute's silence. Rugby fans must be hoping that someone of similar political and diplomatic skills to Bacher can now be found to make their sport more internationally acceptable.

Branching out

■ One little-noticed side-effect of the European Community's single market programme is that the Bank of England has to issue a list of authorised banks which have been given "passports" enabling them to set up branches anywhere in the European Community.

But are potential customers aware of what lies in store? Will the Dorset, Somerset and Wilts Investment Society try to expand by annexing rival institutions in Tuscany and the Dordogne? Could the Assemblies of God Property Trust, the Baptist Union Corporation and the Methodist Chapel Aid Association, soon be seeking continental converts?

No doubt they offer miraculous returns to depositors.



'If it's any consolation, the guy who signed the treaty is also losing his job soon'

Swap shop

■ It may not surprise the cognoscenti of the art world to see Hugues Joffre, the 34-year-old Frenchman who headed Sotheby's contemporary art department in London, resurface as senior director of 20th century pictures at arch rival Christie's. But such a switch at this level is highly unusual.

Both auction houses live in dread of experts, together with their clients and contacts, being nabbed by the competition. Indeed, there is supposed to be a gentlemanly "no poaching" agreement.

A few years ago Sotheby's so dominated modern art that Christie's was thinking of abandoning its London sales in this market. But now Christie's is on a high, and claims to out-sell Sotheby's in post-1870 pictures. So the arrival of Joffre has caused some turbulence. Tobias Mayer, at 29 one of the firm's young high-flyers, has already jumped ship and can now be found heading contemporary art at Sotheby's.

At this rate the world's two biggest auction houses could find themselves juggling, like football clubs, with an expensive transfer market in top players. Somehow one senses that they have too much to lose for this to happen.

Overloaded

■ When it comes to generating extra work for themselves, accountants traditionally win high marks. But Price Waterhouse's proposed scheme of arrangement for the creditors of Trinity Insurance deserves a special mention in dispatches.

A six-page letter in an appendix comes out strongly in favour of the scheme suggested by the provisional liquidators, in preference to the alternative of liquidation. So who are the provisional liquidators to whom the letter is addressed? Partners at Price Waterhouse.

And who wrote the letter? A firm of accountants called, er, Price Waterhouse.

Milking parlance

■ Amid much razzmatazz the prosaically named Milk Marketing Board has announced that when its 60-year-old statutory monopoly ends some time next year the new co-operative to arise from the ashes will be known as Milk Marque.

The board must have a lotta bottle to choose a name based on a French word. Perhaps it felt it had to butter up to the EC's single market. Whatever the reason, the new name sounds gibberish.

Programmed

■ First prize for complicated erratum of 1993 awarded to Channel Four TV – or, to be absolutely correct, its diary department.

"The Channel's Week 1 starts on 4th January and not during the extended week 53 as shown in the diary which conforms to a different computer numbering system. This means that throughout this year Channel 4 personnel will be working one week behind the week number shown at the top of each page of the diary."

Do not adjust your set.

FINANCIAL TIMES
Tuesday January 5 1993

Möllemann resignation boosts fortunes of German foreign minister

Kinkel set to become FDP leader

By Quentin Peel in Bonn

MR KLAUS KINKEL, the former top civil servant who shot into the political limelight last year as German foreign minister, is set to become both vice-chancellor in the ruling coalition and leader of the Free Democratic party.

He is confidently expected to declare himself as a candidate for the FDP leadership tomorrow. Mr Otto Lambsdorff retires from the post later this year.

Mr Kinkel will also be the party's candidate for the formal position of vice-chancellor under Chancellor Helmut Kohl following the resignation of Mr Jürgen Möllemann as economics minister on Sunday.

His candidacy was confirmed yesterday by Mr Hermann Otto Solms, parliamentary leader of the FDP, as the junior partner in the coalition struggled to contain the fall-out from the resignation.

The party is fighting to hold on to the economics portfolio in the government in the face of calls from many parts of German industry, and from other political parties, that the job should be given to a serious expert.

Party officials insist the ministry, which covers both industrial policy, including most of the strategic planning for eastern Germany, and external trade, should still go to a fully fledged politician and not to an outsider from the business community.

On the other hand, the main business lobbies want a competent expert, who also has the political influence necessary to put policies into action. They also want a candidate who can work with Mr Theo Waigel, the finance minister, and not against him, as Mr Möllemann used to do.

Mr Dieter Vogel, the government spokesman, suggested yesterday that Mr Kohl would leave the choice of candidate up to the FDP, which was given the portfolio two years ago.

The two names cited so far as likely candidates from the FDP – Mr Günter Rexrodt, who formerly held the finance portfolio in the Berlin city government, and Mr Walter Hirche, currently economics minister in the state of Brandenburg – are both numerate, but no more than provincial politicians. Both have experience of the problems of east Germany, likely to be the main issue on the agenda.

The upheaval leaves Mr Kinkel, who only joined the FDP two years ago, as the one clear winner. He was a close associate of Mr Hans-Dietrich Genscher, the former foreign minister and honorary chairman of the party. But Mr Kinkel has no grass-roots political experience.

He had been agonising about whether to confirm his candidacy for the party leadership, while remaining in the time-consuming job of foreign minister, but the demise of Mr Möllemann leaves him with little choice, and little opposition.

The only other alternative would be Mrs Irmgard Schwaetzer, the construction minister, but she suffered a humiliating defeat last year in the contest with Mr Kinkel to become foreign minister.

Editorial Comment, Page 15

Italy halts import of cars made in Japan

By John Griffiths in London and Haig Simonian in Rome

ITALY is blocking further imports of cars from Japan, trade minister Mr Claudio Vitalone, said yesterday. It wants the European Commission and Japan to agree on the overall number of vehicles which it can export to the EC this year.

France was last night understood to be planning to follow the Italian move. It comes after inconclusive talks between the Commission and Japan's Ministry of Trade and Industry in Tokyo in December.

Such blocks – described by Mr Vitalone as a "temporary measure" – are expected to have little, if any, overall impact on Japanese import sales levels. However, this depends on an agreement being reached quickly when the Commission-Miti negotiations reopen later this month.

The blocks should not apply to vehicles produced within the Community by Japanese "transplants", car plants run by companies such as Nissan which manufacture within the EC.

Any such blocks would breach an EC-Japan "understanding" and provoke a furious government response from the UK where most "transplant" production is situated.

However, the unilateral action by two member states four days after the EC single market takes effect underlines widespread concern about the vagueness of the "understanding" on levels of Japanese car sales within the region.

It provides for twice-yearly "monitoring" of the EC market and agreement on an appropriately "prudent" level of sales for Japanese-built cars. But it is so vaguely worded that some fear running disputes may mark the transitional period until the EC becomes a completely open market for Japanese cars by the end of 1999.

Until January 1, when nationally imposed quotas became illegal, Italy and France had the most restrictive regimes on direct imports of Japanese-made cars.

Under the EC treaty, member states can ask the Commission to allow them to keep or reimpose controls to prevent "economic difficulties". Commission officials said yesterday they had yet to receive any formal such requests from Italy or France.

The talks in Tokyo in December ended when the Commission and Miti failed to agree on the likely level of total EC car demand this year. The Commission expects demand will be lower than in 1992, while the Miti claims it will be slightly higher.

Under the Commission's current proposal for the Italian market, Japanese imports would be allowed to rise to 51,000 this year, an increase of 0.7 per cent over 1992.

In Tokyo last night, the Miti expressed "surprise and concern" and said it was seeking formal confirmation from Italy and France that the blocks were being imposed.

"If they are, it would appear to be a breach of the agreement we have," a spokesman commented.

Some 300 taxi drivers formed a convoy in Stuttgart, Germany, yesterday to protest about recent racist attacks. The slogan 'My friend is a foreigner', adopted by the anti-racist movement, adorned several cabs

P&O Ferries closes crossing between Dover and Boulogne

By John Willman, Public Policy Editor

P&O European Ferries closed its Dover-Boulogne cross-Channel route yesterday, in order to strengthen its presence on the shorter Dover-Calais crossing.

The last sailing on the route, which carried 1m passengers last year, was yesterday morning. The company said there would be no job losses among the permanent crews of the two ships or the onshore staff at Dover, who will move to the Dover-Calais crossing. The 44 Boulogne shore staff were offered transfers to Calais, but 39 chose redundancy.

The long-awaited closure is the latest stage in the concentration of ferry services on the Dover-Calais crossing as they prepare for the challenge of the Channel tunnel, due to open later this year. The two main ferry operators plan to offer more frequent services on the shortest and busiest cross-Channel route to compete with the train shuttles running through the tunnel.

Stena Sealink Line closed its Folkestone-Boulogne service at the end of 1991. In partnership with the French ferry company SNAT, Stena Sealink Line last year carried 5.25m passengers on the Dover-Calais crossing.

P&O, which last year carried 7.4m passengers on the Dover-Calais route, is adding a fifth "superferry" to its fleet in April. It plans to offer sailings every 45 minutes in peak periods, with shorter check-in times.

The superferries carry more than 600 cars, three times the capacity of the ferries on the Boulogne service, the Pride of Hythe and Pride of Canterbury. The two boats will be sold, as they are too small for any of P&O's other routes.

The closure of the route is a further blow to the port of Boulogne, which cannot accommodate the largest modern ferries.

The SeaCat catamaran service operated by Hoverspeed out of Folkestone is now the only passenger service into Boulogne. Aimed at the day trip market, it can carry only 80 cars on each of its six daily return crossings.

However, the direct rail transfer facilities at Folkestone and Boulogne means the route is used as a link for rail services between London and Paris, including the privately operated Orient Express.

Boulogne's Chamber of Commerce was instrumental in re-establishing a freight service between Folkestone and Boulogne in the summer. P&O is to ask the Chamber to provide financial help for a coach service the company plans to take foot passengers between the Calais ferry terminal and Boulogne.

Bosnian factions break off peace talks

Continued from Page 1

stitutional question was incompatible with that of Mr Vance and Lord Owen.

Mr Eckhard attempted to dispel widespread impressions that the new provinces were ethnically based. They were based on a variety of historical, geographical and economic considerations in addition to the location of the various ethnic groups. The Vance-Owen plan was fundamentally different from the one put forward by Lord Carrington, the former EC mediator last April, which consisted of a three-way "ethnic carve-up," he claimed.

Observers noted, however, that the mediators had been careful to give the three ethnic communities in Bosnia – Moslems, Serbs and Croats – a dominant position in three provinces each.

Countering Bosnian Moslem claims that the co-chairmen had been over-generous to the Serbs, who would have a dominant position in nearly 50 per cent of the territory of the new state, an official stressed that Serbs would be relinquishing some 20 per cent of the territory which they had occupied since the beginning of the conflict.

Flood of complaints about single market

Continued from Page 1

complaints from Gibraltar that Spain has tightened border controls. One Belgian woman has also complained that Spanish customs officials made her list the contents of her car at the border with France. Greece is under fire for allegedly insisting that registered parcels sent from other EC countries should still be examined by customs officials.

On the other hand, a number of EC citizens have called to complain that lifting border controls on people would allow drugs smugglers and terrorists to move freely around the Community.

Mr Venables said the hotline might be extended into next week to cope with the volume of complaints and comments. He said the most substantial allegations would be put to the European Commission. If Brussels refused to follow them up, Ecas might take the Commission to the European Court of Justice.

● *Ecas, Rue Defacqz 1, 1050 Brussels, Belgium. Frontier control hotline: Brussels 534 8325 (telephone), 534 5275 (fax).*

World Weather

		°C	°F
Ajaccio	S	9	48
Algiers	C	11	52
Amsterdam	F	-4	25
Athens	C	8	46
Bahrain		–	–
Bangkok	F	33	91
Barcelona	C	7	45
Beijing	S	3	37
Beirut	S	16	61
Belfast	F	5	41
Belgrade	S	-3	27
Berlin	S	-9	16
Biarritz	S	6	43
Bombay	S	30	86
Bordeaux	F	1	34
Boulogne	R	-1	30
Brussels	F	-3	27
Budapest	S	-2	28
Buenos Aires	F	32	90
Cairo	C	16	61
Cape Town	S	34	93
Caracas	R	28	82
Casablanca †	F	15	59
Chicago †	R	7	45
Cologne	S	-4	25
Copenhagen	S	-1	30
Corfu	S	11	52
Dallas †	F	16	61
Dublin	S	6	43
Dubrovnik		–	–
Edinburgh	S	7	45
Faro	F	13	55
Florence	S	1	34
Frankfurt	S	-5	23
Geneva	S	-4	25
Gibraltar	S	14	57
Glasgow	F	7	45
Helsinki	S	-1	30
Hong Kong	C	23	73
Innsbruck	S	-4	25
Inverness	F	7	45
Islamabad	C	16	61
Istanbul	F	4	39
Jakarta	R	30	86
Johannesburg	F	27	81
Lisbon	C	9	48
London	C	5	41
Los Angeles †	S	6	43
Luxembourg	S	-7	19
Madeira	C	18	64
Madrid	S	1	34
Majorca	S	11	52
Malaga	S	14	57
Malta	C	10	50
Manila	C	31	88
Melbourne	F	17	63
Mexico City		–	–
Miami †	F	24	75
Milan	S	0	32
Montreal †	R	1	34
Moscow	C	-3	27
Munich	S	-6	21
Nairobi		–	–
Naples	F	5	41
Nassau	C	28	82
New Delhi	S	18	64
New York †	C	7	45
Nice	S	7	45
Nicosia	C	13	55
Oporto	F	9	48
Oslo	C	-1	30
Paris	S	-3	27
Prague	S	-6	21
Reykjavik	S	-4	25
Rhodes	R	13	55
Rio de Janeiro	C	35	95
Rome	C	2	36
Salzburg	S	-2	28
S'Francisco †	S	1	34
Seoul	S	1	34
Singapore	F	27	81
Stockholm	S	-1	30
Strasbourg	S	-7	19
Sydney	Dr	19	66
Taipei	F	20	68
Tangier	F	14	57
Tel Aviv	S	18	64
Tenerife	F	18	64
Tokyo	C	10	50
Toronto †	R	10	50
Tunis	T	6	43
Valencia	F	9	48
Venice	S	2	36
Vienna	S	-4	25
Warsaw	S	-7	19
Washington †	S	7	45
Zurich	C	-7	19

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Wimpey's home truths

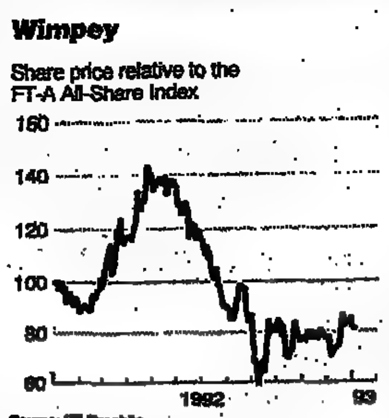
The stock market is clearly expecting that the green shoots of recovery will soon blossom into flowers but some chilling corporate news this spring may yet deliver a nasty frost. Wimpey's promise yesterday that it will announce further substantial write-downs on its residential land and commercial property this March, for example, is only likely to damp recent hopes on the housing front.

Although Wimpey has been among the most perennially pessimistic of construction companies, its continuing revaluations suggest the spiral of asset values may still not have reached its floor. Two months ago, Wimpey's then chairman was forecasting further falls in construction output with recovery delayed until 1995.

Wimpey itself certainly looks tired from the waiting. Provisions this year may amount to £100m, whittling away shareholders' funds to less than £500m. Borrowings of about £180m remain uncomfortably high. With cash continuing to drain out of the business, it still has some way to go before sorting itself out. Unfortunately, it is rapidly running out of things to sell.

Even if a housing recovery does arrive, shareholders may continue to doubt the prospects for volume house builders. The wreckage of recession will take time for such housebuilders to clear. And, shorn of the restraints of an exchange rate discipline, the government is likely to be unusually careful in preventing another inflationary house price boom.

FT-SE Index: 2861.5 (+15.0)



Currencies

Perhaps Mr Jürgen Möllemann should be awarded the légion d'honneur for resigning as Germany's economics minister. His departure certainly helped weaken the D-Mark yesterday. That in turn made for a less determined new year offensive against the French franc than many had expected. Holding the line over the next few weeks may not be easy, however, especially since France appears to have dipped into its foreign exchange reserves in the second half of December.

True, that matters less if the Bundesbank is prepared to finance further intervention. Much depends on German commitment and skill in managing the markets. The Bundesbank will be teasing dealers today with its first money market repurchase agreements of 1993. By moving out along the yield curve – this package will include some one-month repurchases – it has created an opportunity for a cut in the headline repurchase rate. That might buy time, but it could as easily blow up in the Bundesbank's face by creating false expectations of lower money market rates. Pressure on the franc will not go away until the Bundesbank signals unequivocally that a substantial monetary easing is in prospect.

UK water companies

Paying £27.5m for holes in the ground may sound extravagant, but then valuing waste disposal companies has always been a tricky business. Besides, there is a little more than this to South West Water's purchase of Haul-Waste, and the deal fits its strategy of concentrating on buying related businesses in its own region. Nonetheless, this is another worrying example of water companies using special pleading to justify high-priced acquisitions.

At best this may be an expensive way for shareholders to employ some of their excess capital currently tied up in the water companies. Fear of the regulator constrains dividend growth, while management ambition and stock market pressure to outperform encourage the companies to spend. Successful diversification on a large scale could theoretically lift a water company from a yield to an earnings valuation, substantially boosting the share price, while the solid regulated core business means that the dividend can barely be under threat.

Yet the history of diversification by acquisition is not auspicious. The right strategy for companies seeking to outperform the sector may be to sit on their hands. Finding a clever way to repay shareholders before the regulators claw the money back might be even better. This is even more true for the cash-generating regional electricity companies, which face the same problem in spades.

Redland

Redland had a busy end to 1992, judging by yesterday's string of disposals and acquisitions. The net effect on earnings will be small, probably to raise them only by around 1p per share which will not do much for dividend cover. But the market understandably took heart from the signal that Redland appears able to raise reasonable prices for those parts of the Steetley acquisition which it either does not want or has had to divest for competition policy reasons. Given the weak French economy, the Coverland purchase may look oddly timed. This is a strategic opportunity, though, and in the short run there should be margin benefits from rationalisation.

Recovery in the US and Australia and lower capital spending should make Redland cash neutral in 1993. Together with reduced gearing from further disposals, that should lift uncertainty over the 1993 dividend, making the yield of just under 8 per cent attractive. This still assumes that German housing remains unaffected by recession. Doubts on that score may remain until well into the second half, limiting the follow-through to yesterday's 4 per cent advance.

Wassall/Evode

Evode's final defence document contains much spirited rhetoric. Still, Wassall's generosity – or lack of it – will be the main determinant of whether its bid for the adhesives group comes unstuck. Evode has shown it is on the mend and should benefit from its high gearing in any upswing – although the absence of a current trading statement is curious. But Wassall has exposed Evode's rickety financial structure enough to worry shareholders about its continued independence.

The conglomerate clearly does not want to overpay – for the sake of long-term reputation as much as immediate profitability. The market, though, is hinting it will have to lift its 80p offer by a quarter to succeed. Wassall's reluctance to pay up may make things tight. Judging such calls correctly is what distinguishes the good conglomerate from the bad.

هكذا من الأصل

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Japanese regional banks in trouble

Japan's once-conservative regional banks developed ambitions far beyond their local boundaries during the late 1980s bubble. The risks of this rapid expansion, particularly exposure to the domestic stock and property markets, are increasingly obvious as their deposits fall and central banks step in to provide assistance. Page 20

Braddock's second surprise

Mr Richard Braddock, whose resignation last October as president of Citicorp, America's largest bank, took Wall Street by surprise, has landed an intriguing new job – as chief executive of Medco, a small, but fast-growing health care company. Medco, which controls a large portion of the $4bn US market in mail-service prescriptions, has "an awesome upside potential", says Mr Braddock, whose five-year contract will pay him $750,000 a year. Page 16

Blockbuster president moves

Blockbuster, the US video rental chain which owns the Cityvision group in the UK, yesterday said Mr Joseph Baczko resigned as president and chief operating officer. The move was described as part of a reorganisation of Blockbuster that follows a series of acquisitions. Mr Baczko will be replaced as president by Mr Steven Berrard, the company's vice chairman. Page 19

Farmers bullish amid gloom

The Christmas cocktail circuit in which UK farmers indulge takes place amid rural pursuits such as pheasant shoots and fox hunts, enthusiasm for which is as much to do with talking shop as for the kill. In spite of last year's radical reform of the Common Agricultural Policy and introduction of near-compulsory set-aside, chatter has been moderately bullish. Page 24

Evode omits profit forecast

Evode, the UK chemical and plastics group fighting a £94m ($143m) hostile bid from Wassall, yesterday omitted a profits forecast with its final defence. Mr Andrew Simon, Evode's chairman, said it was not practical to publish a profits forecast only three months since its financial year ended. Evode accused Wassall of an "ill-informed and over-simplified attack". Page 22

World stock markets in 1992

World stock markets showed great volatility last year. Individual changes ranged from a 25.6 per cent gain in dollar terms for Hong Kong, to a 40.5 per cent loss on the same basis for South Africa. Page 36

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Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Lahmeyer	635	+	21	Fin Paribas	449	+	33
Linotype-Hell	392	+	17	Intertechnique	390	+	14
Falls				**Falls**			
AEG	158	–	4.8	Aux Entrepr	254	–	26.3
Asko Prf	390	–	15	GTM Entrepose	330	–	13
Degussa	335	–	12.5	Immob Phoenix	146.1	–	8.9
Karstadt	482	–	18	UFB Locabail	185.1	–	9.9
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Eastman Kodak	41¼	+	¾	Nichiboshin	280	+	17
Ford	43⅝	+	⅞	Nippon Housing	318	+	36
Gen Motors	32⅞	+	⅝	Taiheiyo Bank	339	+	40
Helene Curtis	43⅛	+	1¼	**Falls**			
Hebco	18¾	+	¾	Hirabo	180	–	15
Falls				Lonseal	205	–	15
Apple	58⅜	–	1⅜	Toyo Takasago	201	–	14

New York prices at 12:30.

LONDON (Pence)							
Rises				Intl Food	82	+	10
Air London	65	+	9	Kleen-E-Ze	86	+	11
Airtours	[illegible]	+	26½	Lookers	95	+	10
BET	98	+	8	Owners Abroad	107½	+	11
Baltic	31	+	5	Pentos	81	+	6
Bentrose	276	+	19	Portsmth Sund	540	+	29
Berisford Int	25¾	+	3¼	Regal Hotel	1¾	+	1
Bodgers	44	+	5	Scantronic	55	+	6
Cannon St Invs	11¾	+	3¾	Tadpole Tech	179	+	13
Cleft Res	19	+	3	**Falls**			
Dagenham Motor	96	+	10	Brit Fittings	57	–	3
Danka Business	338	+	24	Euro Disney	755	–	28
Donelon Tyson	35	+	6				
ERF	175	+	20				

Trading in Volksbank shares suspended

By Ian Rodger in Zurich

TRADING in the securities of Swiss Volksbank was halted before the opening in Zurich yesterday at the bank's request in advance of an "important announcement" tomorrow.

Swiss stock market analysts said the troubled bank, Switzerland's fifth largest in terms of assets, was probably negotiating some form of collaboration with another bank, possibly even a merger or takeover. The bank itself would only say that the announcement would be positive.

Last October, Volksbank said it would convert its capital structure from that of a co-operative into a joint stock company. Mr Rolf Beeler, the chairman, said the move would remove obstacles to co-operative agreements.

The bank's fortunes have plunged in the past few years because of its excessive dependence on domestic customers, especially small and medium Swiss companies that have been hard hit by the current recession.

Its net profit peaked in 1989 at SFr136.5m ($95m) and bank officials said in November that this year's result would be below last year's SFr68.4m because of the need for higher provisions against bad loans. Transfers from hidden reserves would exceed last year's SFr100m.

The 1991 dividend was cut from SFr75 to SFr40. IBCA, the European rating agency, and Moody's, the US credit rating agency, have both downgraded its debt in the past two months.

Volksbank shares peaked in 1987 at SFr2,655, dropping to a recent low of SFr610. At that level, the market capitalisation of about SFr950m was well below 1991 year-end book value of SFr2.2bn.

Last week, the shares rose from SFr680 to SFr755 in unusually active trading which may have led Volksbank to seek an early trading suspension.

Mr Hans Kaufmann, head of Swiss research at Bank Julius Baer, said the partner was unlikely to be another big Swiss bank as its shares would have been suspended as well.

Mr Bernard Tschanz, head of investment research at Crédit Suisse, said any of the big three Swiss banks would face heavy rationalisation costs to eliminate duplication of branches if it took over Volksbank.

However, one of them might become interested in a defensive way if a foreign bank attempted a takeover.

Ariane Genillard and Anthony Robinson on growth in the former Soviet bloc

Investors see a new star rising slowly in the east

AFTER a hesitant start, paved with pitfalls, momentum is building up behind the growth of western investment and business in the 28 independent countries that emerged from the collapse of the Soviet empire.

Over the year ending September 1992, western investors committed $28bn to 719 acquisitions, joint ventures and greenfield projects in the vast area from the Elbe to the Pacific, according to East Europe Investment Magazine. This tripling of commitments was accompanied by a new willingness to go beyond the Czech republic, Hungary and Poland – the main targets of western trade and investment – to encompass energy and resource-rich countries further east. Kazakhstan, unknown to many in the west before the Soviet Union disintegrated into 15 independent republics just over a year ago, attracted investment commitments worth $9.1bn last year.

There have been casualties, however. "At first, it was all a big dream. Then people started pulling out because transactions happened much more slowly than they wished," said Mr Michael Fortier, director in charge of eastern Europe for Salomon Brothers, the US investment bank. "Expectations were simply too high."

"Lots of companies sent out inexperienced professionals to an area where the complexity of the task and the responsibilities of advisers were much greater than usual," said Mr Guy de Selliers, deputy head of merchant banking at the European Bank for Development and Reconstruction. "They soon found out that payments cannot always be relied on, that fees are low and mandates too competitive."

Dealing with governments has also been challenging. Most advisers who sought a long-term presence in the region started with mandates from governments. These were funded mainly by the European Community "Phare" programme, the British government's Know-How fund or the US Agency for International Development.

In Poland, where privatisation followed a "sectoral approach", government mandates turned out to be a nightmare for advisers charged with selling all the enterprises in a specific industry as only a few companies in each sector proved attractive to potential investors.

The Polish government's attempts to boost competition and break up large industries also misfired by discouraging investors interested in acquiring large market shares. "Paradoxically, Poland has suffered from too much government and too little," said one investor.

In the Czech and Slovak republics, western advisers criticise the authorities for focusing on mass privatisation to the detriment of direct sales to foreign investors. "The rules of entry for foreign capital were left unclarified for a long time and the influx of foreign capital has suffered as a result," said Mr Daniel Arbess, a partner in White and Case, a US law firm with offices in all east European capitals.

Disputes over the price of assets have sometimes damped the ardour of willing buyers in Hungary. "The Hungarian government has often overvalued assets," said Mr Sriram Chari, of Schroders, the UK merchant bank. The over-valuation of assets also reflects the political sensitivity of privatisation. Public concern has grown as the best enterprises have been "cherry-picked" by foreign buyers. "Getting high prices for companies is a way for governments to protect themselves against public resentment," said Mr Keith Tilson, partner at Price Waterhouse, the UK accounting firm.

Governments are also looking for new ways to draw local investors into the privatisation programmes. The popularity of distributing privatisation vouchers to the public was underlined in the Czech republic where the scheme's main architect, Mr Vaclav Klaus, won the Czech elections last June. Since then Hungary has also been considering a similar scheme as well as offering incentives to domestic investors willing to buy shares in local companies.

For most foreigners, the quick transfer of ownership through privatisation will be good news. "It is difficult for governments to execute lots of privatisation deals involving foreign capital. It is better to leave asset sales to the privatised companies which are looking after their own survival," said Mr Arbess.

Financial advisers say they intend to focus increasingly on individual, newly-privatised companies. Large enterprises have proven difficult to sell because of the heavy costs included in restructuring. Mid-sized companies have been quicker to find foreign partners, as shown by the many unrecorded deals in eastern Europe falling in the $30m-$50m range. "Establishing local low-cost structures is the key to targeting medium-sized businesses," said Mr Charles Harman, executive director at Credit Suisse First Boston, the merchant bank which employs around 50 people in eastern Europe.

Some financial advisers disagree. "There is simply no money in medium-sized deals," said Mr Michael Ferriss, managing director at Bankers Trust, the UK merchant bank which intends to concentrate on financing large infrastructure projects. Mr Fortier of Salomon added: "We cannot justify taking someone out of the international market and making a specialist on two industries in Poland."

Direct foreign investors meanwhile welcome the shift away from dealing with government agencies and procedures. In the Czech republic, where mass privatisation is most advanced, potential buyers and partners are negotiating directly with the new shareholders. This is made easier now that 70 per cent of all shares in privatised companies are held in private investment funds which are acting as closed-end mutual funds for the public.

In three years a wealth of experience has been gained by governments, advisers, investors and traders alike. The learning curve has been steep, and the casualties high. But as the deals and the experience accumulate, the transition to capitalism shows clear signs of acceleration.

US group sells UK computer subsidiary

By Alan Cane in London

A NEW British-owned information technology company is to be created through a buy-out of McDonnell Douglas Information Systems from the US aerospace group. The deal is worth at least £200m ($304m), although the price is not being disclosed.

MacDonnell Douglas said yesterday it had agreed to sell the UK-based business to investors led by Baring Capital Investors. The deal could be completed by the end of this month.

Mr Jeremy Causley, MDIS chief executive, and the rest of the existing British management team will stay with the company.

Some 16 senior managers will have a stake in the buy-out.

MDIS is one of the top 10 UK-based information technology groups. It sells computer hardware and software for a range of industries including manufacturing, and constructs and manages integrated systems.

The company employs about 1,800 people, 1,300 of them in the UK. It is a leading supplier to the National Health Service, to central and local government and to the police.

Among its recent contracts was a deal worth £8m to supply St Mary's Hospital, Paddington, with hardware, software and facilities management.

MacDonnell Douglas is selling the group as part of a strategy to concentrate on its core aerospace business.

Only a handful of large corporations now maintain partial or total ownership of information technology companies, once seen as a promising diversification into a high growth sector.

General Motors, for example, retains ownership of Electronic Data Systems, one of the world's largest computing services companies, which it bought from EDS's founder, Mr Ross Perot.

McDonnell Douglas had been preparing MDIS for flotation on the London Stock Exchange, but the offering had been postponed.

Last year, MDIS had revenues of about £180m although profits will not be disclosed until the parent company publishes its results at the end of this month. Some 30 per cent of MDIS sales are made outside the UK.

In 1991, MDIS made pre-tax profits in the UK of £14.2m on sales of £139.8m. Mr Causley said profits in 1992 would be a substantial advance on the previous year.

Du Pont to record loss after posting $5bn accounting charge

By Alan Friedman in New York

DU PONT, the leading US chemicals group, will record a 1992 net loss, following $5bn of one-time charges the company said it would be taking to conform to new US accounting standards concerning employee retirement, healthcare and insurance benefits as well as income taxes.

Mr Edgar Woolard, chairman, yesterday bemoaned the rising cost of healthcare in employee benefit programmes, noting that Du Pont's plan, which covers 145,000 employees and their families, cost $500m in 1992, twice the level of 1987.

He said that poor economic conditions around the world, and stiff competition from non-US companies that do not have to pay directly for employee healthcare, had eliminated the option of passing such costs on to consumers.

Although the size of the charges is large, analysts on Wall Street were not concerned about them because they are non-cash provisions that are in line with the practice at many other big US companies.

Yesterday, the company said that in addition to the accounting charges it would record a $275m fourth-quarter charge relating to redundancy incentives and payments in the petroleum, fibres and imaging systems divisions.

To comply with the accounting changes, Du Pont will restate financial results for the first three quarters of 1992, which as of last September 30 totalled $1.4bn of net profits on sales of $28.7bn. Some $4.8bn of the $5bn of accounting charges will be recorded for the first quarter of last year, while a further $200m will be spread over the year.

● The Du Pont write-down translates into a $1.4bn, or $3.70-a-share special non-cash charge for Seagram, the global drinks group, in the year ending January 31, 1993, writes Robert Gibbens. It holds 25 per cent of Du Pont.

Seagram, Canadian-based but accounting in US dollars, is adopting the same US accounting standards as Du Pont for fiscal 1993.

The non-cash charge will turn Seagram's expected fiscal 1993 profit of $1.87 a share into a loss of about $1.83.

But analysts stressed the special charge makes no difference to Seagram's earning power and prospects for fiscal 1994.

New index for UK small companies

THE new FT-SE SmallCap index, which measures the share-price performance of 450 smaller UK companies, was calculated for the first time yesterday, as the main UK indices closed at record highs.

The SmallCap index closed at 1377.88, up 14.09 points on the day. The FT-SE 100 index of the largest 100 companies by market capitalisation ended yesterday at 2861.5, up 15.0, a record closing high but a much smaller rise in percentage terms.

The FT-SE Mid 250, which contains the next biggest 250 companies, finished at 2896.4 up 33.5, also a record. In percentage terms, the Mid 250 was the best performer, with a rise of 1.2 per cent.

The SmallCap index contains all those companies in the FT-Actuaries All-Share index which are too small to qualify for the FT-SE 100 or the Mid 250. The SmallCap is calculated both with and without investment trusts.

To make the SmallCap more representative, the All-Share was extended yesterday from 651 to 800 companies, with market capitalisations as low as £20m at the cut-off date in 1992.

The All-Share also ended the day at a record close: 1373.20, up 0.7 per cent.

The SmallCap index is published on the back page of the second section of the FT each day, starting today.

The table on that page now includes the gross dividend yield and price/earnings ratio for the FT-SE 100, the Mid 250, the SmallCap and the FT-A All-Share.

These two measures show the relative value placed by investors on the companies making up each index.

The FT-SE 100 yesterday had a dividend yield of 4.25 per cent and a p/e of 19.3; the FT-SE Mid 250 yielded 4.38 per cent with a p/e of 19.2; and the SmallCap (excluding investment trusts) yielded 4.92 per cent with a p/e of 21.4.

The most widely used benchmark for calculating these measures for the whole market is the 500 share index, the FT-Actuaries All-Share index excluding investment trusts and financial companies.

The expansion of the All-Share means that this group now consists of more than 500 companies. For the time being, however, the name has been retained in inverted commas as the "500" share index.

The "500" had a yield of 4.25 yesterday, with a p/e of 17.8.

Redland to link with Belgian brickmaker

By Maggie Urry in London

REDLAND, the UK building materials group, is forming a joint venture with Koramic, a private Belgian company, *encompassing the two companies'* brickmaking in the Netherlands, Germany and Belgium. The new company will be the largest facing brickmaker in continental Europe.

Profits of the combined activities in 1992 would have been £15.9m ($24m), of which Redland's share would have been £5.8m. The 50-50 joint venture will own 70 per cent of the combined activities, giving Redland a 35 per cent economic interest but joint control. Redland will also receive £17.3m in cash.

Redland has raised £100m through disposals. It is reinvesting £58.6m in its continental European tile and brick *activities. The deals are expected* to enhance profits.

Redland is increasing its stake in Coverland, the French roof tile producer, from 43 per cent to 67 per cent by acquiring part of St Gobain's shareholding. Options for Redland to purchase St Gobain's remaining 33 per cent for £24m have been agreed.

Redland and St Gobain are each subscribing £36m of new equity in Coverland to redeem £72m of debt, and Redland is paying St Gobain £12m. Cover*land made a small operating* loss in 1992 but had made £10m in 1990.

Braas, Redland's German roof tile subsidiary, is buying Dan Tegl, the leading Danish clay tilemaker for £10.6m.

Disposals include:

- Steetley Clay Tiles for £19m, against net assets of £17m, to Eternit Group of Belgium.
- Steetley Refractories which made a £1.4m *pre-tax* profit in 1992 to J E Baker of the US, for £14.3m. As well as the cash Redland has an agreement to supply raw material to Baker.
- Redland's 20 per cent stake in Lafarge Plâtreurope, a plasterboard maker, to Lafarge Coppée, its joint venture part*ner, for £41.25m.*
- Construction Jean Bernard, a lossmaking French civil engineering company for a nominal sum.
- Redland's 50 per cent stake in Columbia River Carbonates to its joint venture partner for £3.8m.

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Braddock prescribes some healthcare for his future

The move to fast-growing Medco by the former Citibank president is intriguing, writes **Alan Friedman**

WALL STREET was taken by surprise last October when Mr Richard Braddock, the president of Citicorp, America's largest bank, announced he was resigning.

But many are even more intrigued at the new job the 51-year-old Mr Braddock has just landed – this time as *chief executive of a small, but* fast-growing, healthcare company located in suburban New Jersey.

Conventional wisdom had it – and Mr Braddock admits he was prone to the same view – *that the Citicorp man would go* into executive hibernation for several months until he had found a suitably traditional and high profile corporate post.

There was even speculation Mr Braddock might be asked to succeed *Mr James Robinson,* who will be resigning as chief executive of American Express, the rather battered financial services and travel group.

Instead of a conventional career move, Mr Braddock – *who began his pre-Citicorp* career in consumer marketing at General Foods – will this month become chief executive of Medco Containment Services, a company with 6,000 employees and $1.8bn of revenues in its last financial year.

Medco is a darling of the Nasdaq over-the-counter market, although its share price of about $38 is no bargain at nearly 40 times prospective 1993 earnings.

But the company is the leading mail service distributor in the US of prescription drugs to employer and insurance company *healthcare benefit plans.* It acts as a middle man, buying from drug manufacturers and offering discounted prices to beneficiaries of company healthcare plans.

Mr Kenneth Abramowitz, a healthcare analyst at the New York research firm of Sanford Bernstein, reckons Medco con*trols about 50 per cent of the* $4bn-a-year US market in mail service prescriptions. He and other analysts say the market is likely to enjoy annual growth of 25 to 30 per cent during the 1990s.

"*Medco is a very tough* competitor and a very innovative company, so I would expect them to hold the market share," says Mr Abramowitz.

He is not the only analyst who has been heaping praise *on the company. A recent* study by Merrill Lynch noted Medco held the key to success by combining large pools of healthcare beneficiaries with economies of scale and then relying on systems and software to get the most cost-effective medicine to patients.

"We know of no other company presently that possesses all these attributes for success," said Merrill Lynch.

Richard Braddock: displays a boyish enthusiasm for Medco

Medco at present has more than 1,200 institutional clients, ranging from dozens of Fortune 500 companies such as General Electric to federal employees; it is a pool of more than 32m people in the US. The company earned $102m of net profits in the year to June 30, and analysts expect it to make $130m on 39 per cent higher revenues of $2.5bn in the year to next June.

The need to reduce healthcare costs has been a big theme of *President-elect* Bill Clinton and was also discussed last week by Mr Harold Poling, the Ford chairman who complained that "the rapidly rising costs of healthcare are a concern not only to Ford, but to the entire nation." Thus corporate managements, insurers and government agencies all need to manage their healthcare liabilities.

That is perhaps why Mr *Braddock displays such a* boyish enthusiasm for Medco, saying the company has "an awesome upside potential". His bullishness is doubtless helped along by a five-year contract which will pay him $750,000 a year, plus an attractive stock options package for 1.25m shares of Medco and half a million more shares in two quoted Medco subsidiaries.

The job offer came to Mr Braddock the day after his Citicorp resignation was announced. Mr Martin Wygod, who founded Medco eight years ago and serves as its chairman, telephoned him immediately, having got to know the Citicorp president as a private banking client of the bank.

*Mr Wygod says he was moti*vated by the success Mr Braddock had in the 1980s in managing high-growth businesses on the consumer side of Citicorp and by his consumer marketing background.

"I was always interested in him. It's very hard to find somebody who can deal with a substantial amount of change, who can turn a short-term advantage into a long-term strategic advantage," he says.

Mr *Wygod,* who is 52, has experience as an entrepreneur. Just before he founded Medco in 1983 he had sold out Glassrock, another publicly-quoted healthcare company he had started. The buyer, for a total of $125m, was British Oxygen.

For his part, Mr Braddock says *he wanted to get out of* banking. "I don't consider myself a banker," he explains, noting that his real desire was "to manage a rapidly-growing consumer business".

As the new chief executive, *Mr Braddock expects to* develop Medco's retail side, where the company has point-of-sale ties to 57,000 pharmacies across the US.

Both he and Mr Wygod are also keen to make more acquisitions, *such as last month's* takeover of American Biodyne, a California-based manager of cost containment in mental healthcare with $130m of annual turnover.

"This company," says Mr Braddock, "can define its own upside. What we have to do is make the right strategic choices and get the right people."

*Mr Braddock cites as possi*ble growth options the widening of product lines beyond *prescriptions* and mental healthcare to workmen's compensation, as well as increasing market share by signing up more employee benefit schemes.

And he notes with relish that Medco has a unique database of patients, many of whom have a plastic card that could be developed *for other* products.

While he is excited about his *new career,* Mr Braddock is distinctly unsentimental about leaving Citicorp. "It's history," he says with a shrug. He also notes ("to put things in context") that Medco's market capitalisation of $5.9bn is not far *from that of Citicorp,* which is about $7.8bn.

Medco's prospects as a go-go company in the 1990s are summed up by Mr Abramowitz, who believes pharmaceutical cost-containment is still in *its early days.* "Drug costs in America are out of control and very few companies know how to control them. Medco is one of the very few that can."

Car companies plan big capital spending in Spain

By Tom Burns in Madrid

FOREIGN motor companies, notably Renault and Suzuki, plan extensive capital spending in Spain.

Renault, the French car man*ufacturer, is to invest Pta60bn* ($526m) in its Spanish subsidiary Fasa-Renault. Japan's Suzuki plans a Pta27bn viability plan for Santana Motor, the loss-making four-wheel vehicle producer it controls in Spain.

The planned investments coincide with a forecast of a 5 per cent drop in Spanish vehicle sales this year after an estimated rise of 8.3 per cent to 961,000 sold units in 1992.

The forecast comes as all the main car manufacturers, except General Motors, have introduced short working weeks to reduce stocks.

Anfac, the car manufacturer's association, estimates Spanish car exports will be *hard hit this year after grow*ing by just 0.9 per cent between January-October 1992.

Exports over the first 10 months of 1991 grew by 20 per cent.

The Fasa-Renault invest*ment, to be spread over six* years and incorporate unspecified subsidies, is understood to involve the development of a new high-powered diesel engine, likely to be built at its Valladolid plant.

Budge deal boosts McAlpine

By Ian Hamilton Fazey, Northern Correspondent

ALFRED McAlpine, the UK civil engineer, yesterday bought the civil engineering businesses of A. F. Budge, which went into receivership last month owing its bankers *£20m ($30m). Budge's 26* current road and bridge-building contracts – many of them large infrastructural projects – will carry on under McAlpine and up to 250 on-site jobs will be saved.

The deal is likely to lift Alfred McAlpine back into the top five of Britain's civil engineering contractors, alongside Tarmac, Balfour Beatty, Amec and Birse. Alfred McAlpine was nearly always in the top five in the first half of the 1980s but had fallen back in the past five years.

Budge will also fill in a hole in Alfred McAlpine's national spread, since it is based in East Retford, Nottinghamshire, and is usually asked to bid for public works in the East Midlands *and East Anglia, where Alfred* McAlpine has been weak.

Alfred McAlpine, which has headquarters at Hooton, Wirral, will keep the East Retford offices going. It frequently bids for road-building work with *Amec, based nearby in Sandi*way, Cheshire.

The Leeds office of Coopers & Lybrand, which kept Budge trading with 197 job losses after being appointed receiver, last night said it was close to clinching the sale of Budge's building division.

The buyer is likely to be one of Kier, Ballast Needam, Try or Miller, all identified in undisputed trade press reports, along with Alfred McAlpine, as bidders for parts of the Budge business.

Mr Ken Lever, finance director of Alfred McAlpine, last night refused to disclose the *price of the* Budge contracting business, claiming commercial confidentiality relating to existing contracts.

However, it has to be less than £8.2m, which is 5 per cent of Alfred McAlpine's net assets of £164m, the level above which disclosure would have been compulsory under Stock Exchange rules.

ClubMed posts 4.8% increase in turnover

By William Dawkins in Paris

CLUB Méditerranée, the French holiday village group, reported a 4.8 per cent rise in turnover to FFr8.22bn ($1.48bn) in the year to last October, despite the gloom in the travel industry.

The group released its turnover figures yesterday, a month after publishing a return to profits of FFr160m in the year under review, from a *FFr17m loss in 1991. However,* Club Méditerranée's recovery appears far from complete, given that the group recorded a 4.6 per cent decline in sales to FFr2.33bn in the final three months to October.

Canadian insurer to set up bank after deregulation

By Robert Gibbens in Montreal

MANULIFE Financial is the first Canadian life insurer to set up a bank under federal financial services deregulation.

It is fully owned by Manulife, and it starts with nearly C$1bn (US$786m) assets and 14 branches. But it will not compete directly with the Big Six Canadian national chartered banks.

Manulife Financial is the holding company for Manufacturers Life Insurance, Canada's second-largest life insurer. The new Manulife Bank of Canada is being built on a base of three small trust companies.

At December 31 1991, Manu*life Financial's total assets* were C$33bn and 1991 profit was C$209m. The insurance operations are being aggressively expanded across Canada with new products.

The company said formation *of the bank is aimed* at delivering a broader range of products and services to Manulife clients, including personal, consumer and commercial loans.

"We can use our banking powers to help clients achieve *financial security,*" said Mr Thomas Di Giacomo, chairman.

Banks, insurers and trust companies can now enter into each other's business fields, with few restrictions.

Citicorp to sell Quotron businesses

By Alan Friedman

CITICORP, the largest US commercial bank, said yesterday that it had agreed to sell two businesses in its Quotron financial information services division.

Financial terms were not disclosed, but the transaction is expected to be completed in the next eight weeks.

The value of the deal is believed to amount to less than $30m.

The buyer of Quotron's international equities and securities industry software businesses is Automatic Data Processing (ADP), which has also signed a perpetual licensing agreement to use the Quotron trading support system software.

ADP, which has about $2bn of annual revenues, is one of the largest independent computing services firms in the US.

Blockbuster chief resigns

By Alan Friedman in New York

BLOCKBUSTER, the US video rental chain which owns the Cityvision group in the UK, yesterday said Mr Joseph Baczko had resigned as president and chief operating officer of the company.

Mr Baczko will be replaced as president by Mr Steven Berrard, vice-chairman.

The resignation of Mr Baczko – who had been with the company since January 1991 – was described as part of a reorganisation that follows a series of acquisitions.

Separate divisions have been created, including domestic home video, international home video, domestic music retailing, international music retailing and new technology ventures.

Mr Wayne Huizenga, chairman, said the company's recent acquisition of music store chains and its new joint-venture in music retailing with Mr Richard Branson's Virgin group would lead to new opportunities.

He said Blockbuster and Mr Baczko agreed on the president's resignation plan and added that Blockbuster would invest in a new retailing venture planned by Mr Baczko.

Blockbuster's results for the third quarter of 1992 showed a 50.9 per cent rise in after-tax earnings, to $41.3m. Sales rose 24 per cent to $283.7m.

Northwest cuts payroll by 1,000

By Patrick Harverson in New York

NORTHWEST Airlines, the fourth-largest US carrier, is to cut more than 1,000 jobs in the company's latest attempt to put its finances in order.

Blaming the "brutal economic environment of the US airline industry", Northwest said yesterday that lay-off notices had been sent to 780 flight attendants, 175 full- and part-time ground service employees and 88 reservation sales agents across the US.

According to the company, the job cuts were being made on a straight seniority basis, and would not affect on-board service or flight staffing levels. Northwest employs about 46,000 people.

Mr Hector Adler, a Northwest vice-president, said requirements for flight attendants had fallen in the wake of recent reductions in flight schedules, and the replacement of larger widebody aircraft with smaller aircraft on some routes.

Yesterday's announcement comes less than a month after Northwest was forced to cancel orders for 74 new aircraft worth $3.5bn as part of a refinancing package.

Puerto Rican telecoms sale approved by US

By Canute James in Kingston

THE US Federal Communications Commission has approved the sale of a majority holding in Puerto Rico's long-distance telephone company to Telefónica de España, 10 months after the island's government said it had concluded the deal.

The sale of 80 per cent of Puerto Rico's government-owned Telefónica Larga Distancia for $141.6m needed FCC approval because it breached regulations prohibiting foreign companies from owning more than 40 per cent of any US telephone company. Puerto Rico is a Caribbean possession of the US and is subject to federal regulations.

The FCC reported that its approval of the sale to the Spanish company was based on the Puerto Rican administration's failure to obtain reasonable offers from US companies, and because the privatisation of the carrier promised a more competitive service. The island's government is retaining a 20 per cent stake.

Announcing the sale 10 months ago, Telefónica de España said it would invest another $50m in the Puerto Rican venture to upgrade its facilities.

The purchase represents Telefónica de España's second venture in Puerto Rico. The company already owns 40 per cent of Telefónica Hispanoamerica, which manufactures telephones and other equipment on the island.

Telefónica de España, which also has investments in telephone companies in Argentina, Chile and Venezuela, said it would use its increased presence in Puerto Rico to develop the island as a hub for its operations in the Americas.

Double find leads to about-turn

Kenneth Gooding charts the transformation of Freeport McMoRan

James R. Moffet: 'In natural resources you have to be reactive'

FREEPORT McMoRan is not one of those companies nursing a hangover after the excesses of the 1980s. Although the US minerals group spent heavily on acquisitions in the last decade, since 1989 it has sold assets in order to raise cash – some $2bn so far.

There are, however, good reasons for this abrupt about-face. As Mr James R. Moffett, chairman – known to his colleagues as Jim-Bob – points out, Freeport has had the good fortune to discover not one but two massive natural resource deposits.

One discovery gives Freeport, in the same deposit, one of the world's five largest copper reserves as well as the largest economic gold reserve outside South Africa – at least 41m troy ounces.

The find will enable Freeport's 74 per cent-owned subsidiary, Freeport-McMoRan Copper and Gold, to increase production at its mine in a remote area of Indonesia to

'We had to sell assets if we wanted to avoid our debt going over $3bn'

1bn lb of copper and 1m troy ounces of gold a year, making it the world's second-largest copper producer (accounting for about 5 per cent of western world output) and owner of one of the world's biggest gold mines.

"It has been suggested that we would be the equivalent of two major oil companies in one," says Mr Moffett, never one to understate his case. "Not only will we have a substantial outflow of copper and gold but we can sustain that from our present reserves for 23 years from 1996."

The copper-gold discovery was an extension to a deposit which Freeport has been mining for 20 years. The US group recently signed a 30-year contract with the Indonesian government giving Freeport exclusive mineral rights over 6.5m acres around its present mining area.

This covers a major mineral "trend", or zone, which already has yielded significant ore discoveries.

Mr Moffett suggests: "This deposit is an omen about what may be in the rest of the mountainside there [in Indonesia]. It's like the first big discovery in the North Sea or the first big discovery in the Gulf of Mexico."

It was in the Gulf of Mexico, on the doorstep of Freeport's headquarters in New Orleans, that Freeport made its other important find – Main Pass, the first sulphur deposit discovered in 25 years and the largest in North America. Even at today's depressed prices, sulphur is eight times more valuable than oil, and Mr Moffett is confident that one day it will be worth much more.

It took two years to bring Main Pass into production in 1992. As a bonus, the sulphur is below a layer of oil (albeit a high-sulphur crude, which is not highly-valued) and Main Pass has become one of the biggest oil producers in the Gulf of Mexico.

Freeport's jubilation about the success of its exploration efforts was muted by the realisation that it would cost at least $1bn to develop the discoveries to a point where they would generate cash flow and profits.

Mr Moffett points out: "In a natural resource business you have to be reactive. We had to change our strategy. We had to sell assets if we wanted to avoid our debt going over $3bn. Those discoveries don't do anything for your cashflow until you've spent the money to get them into production. So we sold $2bn worth of assets."

This was a reversal of the policy the group had followed from 1981, when it was formed via the merger of Freeport Minerals with McMoRan Oil and Gas. Until 1988, when it made its two huge discoveries in the space of six months, Freeport was in a race against time to find acquisitions to provide it with $100m of annual cashflow about to disappear at the end of the 1980s, when its two 30-year-old sulphur mines were expected to be depleted.

A five-year acquisition spree doubled Freeport's oil and gas reserves, more than doubled its agricultural minerals business and added the second-largest US producer of geothermal energy to its portfolio.

Freeport also spun off parts of some subsidiaries and had them traded separately on the New York Stock Exchange so the outside world would have a clearer perception of the true value of previously "hidden" assets.

Today, Freeport owns only 74 per cent of Freeport-McMoRan Copper and Gold, and only 51.3 per cent of Freeport-McMoRan Resource Partners, which in turn owns 58.3 per cent of Main Pass and is the operator.

Mr Moffett explains: "Our exploration-acquisition strategy in the early 1980s came about because we did not want to bet the company on finding big reserves. If someone had told me in 1982 that in 1988 we would find Main Pass and Grassberg [the new Indonesian copper-gold deposit], I would not have bought those companies. So we bought geothermal and Canadian oil and gas, both with 30-year cash flows. We couldn't bet that we would beat the system. We needed cash flow to replace those two sulphur mines which were going out of business."

Since the two discoveries, Freeport has sold the geothermal operations, its Canadian and US oil and gas businesses, its ammonium nitrate interests and its Nevada gold mining company. "It was the right thing to do," Mr Moffett insists. "They were all great assets, all long-life assets, but small potatoes compared with what we had found."

He stresses that the discoveries should also provide low-cost resources.

For example, Freeport Resource Partners is an integrated producer of phosphate-based fertilisers, using its sulphur to produce sulphuric acid which is reacted with the phosphate rock the company mines in Florida to produce phosphoric acid.

This is further processed into three types of finished fertilisers. Mr Moffett suggests the company can produce the most important type – Dap, or diammonium phosphate – more cheaply than any of its main competitors.

Mining in Indonesia is not cheap – Freeport is having to provide for a remote, mountainside town of 9,000 people –

'Discoveries don't do anything until you've got them into production'

but the Ertzberg-Grasberg deposit is so rich that both its copper and gold are cheaper than 75 per cent of output in the rest of the world outside the former Soviet Union.

Nevertheless, in spite of its obvious attractions, investors have tended to shy away from Freeport because of its debts – the 1991 annual report showed $1.9bn. The company's debt rating, in the double-B range, is below investment grade and Mr Moffett and his board consider the shares undervalued. So Freeport has avoided straight debt or equity offerings to raise cash in favour of other instruments, such as convertible debt and bond issues.

Mr Moffett points out that Freeport's debt – all owed to the public, "we don't owe any money to banks" – is down to $1.2bn and the company has $400m cash in the bank. He says Freeport will borrow another $150m so as to have the cash in hand ready before moving ahead with the $550m expansion in Indonesia.

Daewoo to give units greater autonomy

By John Burton in Seoul

DAEWOO, South Korea's fourth-largest conglomerate, plans to promote management autonomy among its subsidiaries in the first step toward the group's eventual dissolution, according to Mr Kim Woo-choong, the Daewoo chairman.

South Korea's big conglomerates, or chaebol, have been criticised for becoming unwieldy and cumbersome due to their size and range of business operations.

The government has tried to impose credit restrictions on the chaebol to force them to streamline activities and improve competitiveness.

Although the chaebol have not reduced operations, they are promoting greater decentralised management in what is regarded as a preliminary step to the eventual break-up of these groups over the next few decades.

Mr Kim, who founded Daewoo in 1967, said he would begin to give full managerial independence to profitable subsidiaries this year, detaching them from group control.

Mr Kim may have made his decision in response to criticism among some senior executives that the group had grown too big for the Daewoo chairman to retain close management control over the conglomerate.

Mr Kim said management independence would not be given to Daewoo's main shipbuilding and heavy machinery units until they are merged by the end of 1994.

The government agreed in 1989 to provide rescue loans to debt-ridden Daewoo Shipbuilding, an unlisted subsidiary, on condition it would later merge with listed Daewoo Heavy Industries to improve the group's financial stability and rationalise operations.

Officials originally ordered that the merger should be completed by the end of 1992, but agreed last month to delay it for another two years.

Exposed Japanese regional banks lean on the centre

Ambition led some out-of-town institutions to take on customers others rejected, writes Robert Thomson

HYOGO Bank has been typical of Japan's regional banks, lending to local companies based in the western prefecture of Hyogo and taking care of their business in Tokyo.

This has been a cosy relationship, secured by cross-shareholdings and a deep sense of local loyalty – Hyogo companies would naturally turn to Hyogo Bank.

However, once-conservative regional banks developed ambitions far beyond their local boundaries during the late 1980s bubble. They and their affiliates were big lenders to Tokyo and Osaka property developers, and ventured abroad, providing funds to companies ranging from Olympia & York to the GPA group, the aircraft leasing company, which borrowed from at least 16 Japanese regional banks.

The risks of this rapid expansion, particularly the exposure to the domestic stock and property markets, are increasingly obvious. Hyogo Bank, whose deposits fell 16.5 per cent in the first half and whose short-term deposits have fallen by an estimated 50 per cent over the past year, is now receiving intensive care from three large banks – Sumitomo Bank, Long-Term Credit Bank of Japan, and Industrial Bank of Japan.

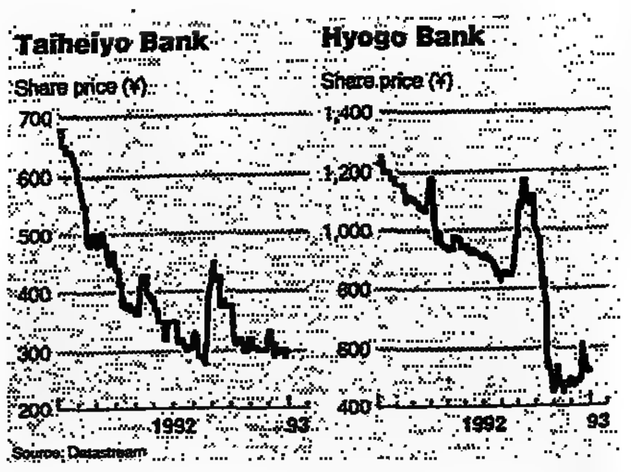
Hyogo, whose 10 largest financial affiliates have outstanding loans estimated at Y1,600bn ($13bn), many of them property-related, is also receiving a little help from the Bank of Japan. Along with the Finance Ministry, the Bank of Japan is sending managers to oversee the reform of Hyogo. The central bank has also provided loans at the official discount rate of 3.25 per cent, allowing the troubled bank to profit from the difference in market rates.

The share price of Taiheiyo Bank, a Tokyo-based regional institution, rose Y40 to Y339 yesterday after reports that the central bank was providing similar assistance. Taiheiyo, which turned to property developers in its quest for expansion, had previously sought assistance from its leading shareholders, a group of four commercial banks, Sakura Bank, Fuji Bank, Tokai Bank, and Sanwa Bank.

It is unclear exactly how many other regional banks are receiving or in need of assistance, but a Bank of Japan official confirmed that extra loans were being provided to troubled banks. One sign of the problems is that provisions or write-offs of non-performing loans by 13 regional banks around Tokyo rose 3.4 times during the half to the end of September, according to the district financial bureau.

This ever-increasing burden arises from the ambition of some out-of-town institutions to compete with the big city banks. This has left the regional institutions, or their affiliates, with customers these larger institutions rejected. As a result, regional banks were prominent lenders to bankrupts, ranging from Nanatomi, a stock and property speculator with debts of Y300bn, to Ms Nui Onoue, the "bubble lady" of Osaka, who had investments of Y890bn at the height of her seance-inspired onslaught on the stock market.

Regional bank officials hope that the new loan and land collateral purchase agency to be established by the banking industry this month will relieve the burden. The Regional Banks' Association says the banks will not need public assistance: "We don't think there will be a serious crisis among regional banks. We think the problem can be solved."



Source: Datastream

One solution is to encourage mergers. The Finance Ministry recently approved a merger between two regional banks in the north-east, Ugo Bank and Akita Akebono Bank, which had reported a 98 per cent fall in pre-tax profit last year following huge appraisal losses on securities holdings.

The Finance Ministry says there are too many regional banks, 130 in all, 64 first-tier and 66 second-tier, and that a streamlining is necessary. Mr Tsutomu Hata, the former finance minister, had encouraged smaller banks to look for partners, warning that financial deregulation would put them under extra competitive pressure.

Meanwhile, regional banks have become a popular theme for financial industry specialists at foreign securities houses. Analysts are attempting to spotlight the most vulnerable institutions, while recommending those institutions which remained conservative during the bubble era and have better profit prospects than their big city cousins.

The healthier regional banks tend to be based in areas which experienced strong growth, without reaching the speculative heights of Tokyo or Osaka. There are concerns that some of these regional cities are only now beginning to experience the burst of the bubble, but those banks which did not stray far from the traditional client list generally appear to have strong balance sheets.

An important test is the level of unrealised gains on the banks' securities holdings. Mr Paul Heaton, financials specialist at Smith New Court Japan, estimates that about 11 of the first-tier regional banks will still have unrealised gains on stocks if the Nikkei average falls to 7,000. However, seven banks will have these gains wiped out if the market hits 13,000.

The figures are less attractive at the second-tier regional banks, 15 of which have no unrealised gains if the the index hits 16,000, and nine of which are showing losses below 18,000. The Nikkei average closed yesterday at 16,994.08.

In Japan, these unrealised gains are perceived as an important part of the bad debt strategy, and a bank with a large portfolio of non-performing loans and severely diminished unrealised gains is seen as particularly vulnerable.

Lending by regional banks to international property developers highlights a curious characteristic of the Japanese system.

The participation of smaller institutions in international deals often followed an introduction from a larger bank, which implicitly or explicitly guarantees that the loan would be repaid. It is unclear how much lending is covered by informal agreements, but these "understandings" explain why some regionals are relaxed about exposure to troubled international companies.

BHP sells further stake in Beswick

By Kevin Brown in Sydney

BROKEN Hill Proprietary, the Australian resources group, yesterday announced a further reduction in its involvement in Beswick, a stockholding company set up as part of its defence against a hostile takeover attempt by the late Mr Robert Holmes à Court.

BHP said it had sold Beswick class A redeemable preference shares with a face value of A$300m (US$206.8m) to the government-controlled Commonwealth Bank, bringing the group a step closer to achieving its intention of selling its holding of Beswick preference shares.

The deal follows the sale of class A preference shares with a face value of A$400m to Westpac Banking Corporation last year. It leaves BHP with Beswick class A preference shares with a face value of A$290m.

BHP said the sale was on similar terms to the Westpac deal. The group is believed to have sold both tranches of shares at a premium to the face value. BHP has said it hopes to dispose of its A class shares by the end of May.

Beswick, which holds 322.6m BHP shares, equivalent to 20 per cent of the company, was set up in 1988 to hold BHP shares obtained by Elders IXL, now Foster's Brewing Group, during Mr Holmes à Court's takeover bid.

A second stockholding company, known as International Brewing Group, was set up to hold shares in Elders acquired by BHP as part of a deal with Mr John Elliott, then Elders' chairman and chief executive.

Foster's remains a shareholder in Beswick, together with ANZ trustees. In addition to its A class shares, BHP retains ordinary shares valued at A$73m, and non-voting convertible preference shares valued at A$500m.

BHP shares rose 32 cents to A$13.60 after the share sale was announced on the Australian Stock Exchange.

Toyota's Pakistan trials near

By Farhan Bokhari in Karachi

PAKISTAN'S first Toyota car assembly plant begins trial production in February and commercial production in May.

The plant is being set up by Indus Motor, a joint venture between Toyota and Karachi-based Habib Group, at a cost of Rs2bn ($78.3m) and will have a capacity to produce 20,000 vehicles annually.

Initially, it will build the 1.3-litre Corolla car – Toyota's best-selling model in Pakistan – with output set according to demand. Import figures give an indication of what demand might be: for 1992, the government estimates about 3,000 cars of all makes with 1.3-litre engines were imported, as well as 10,000 used cars, of which almost 90 per cent were older Corolla models.

Mr Farhad Zulfikar, Indus Motors' chief executive, said the car's selling price had not been set, but added: "It should be much lower than any imported car in its range."

Indus Motors has lobbied the government to discourage the import of used cars and allow tax incentives to Pakistanis living abroad to buy vehicles produced in the country.

The Toyota plant will be the second Japanese car factory in Pakistan after that of Suzuki, which assembles the country's most popular 800cc cars and small pick-up trucks.

Additionally, Honda and Nissan are finalising plans to set up similar ventures with Pakistani companies and Daewoo of Korea is examining the feasibility of setting up a plant.

The foreign carmakers hope to take advantage of Pakistan's growing consumer market and export to Afganistan and the newly-independent central Asian Islamic countries.

Keppel unit to invest in China holiday resort

By Kieran Cooke in Kuala Lumpur

STRAITS Steamship Land, part of the diversified Singapore-based Keppel conglomerate, has agreed with the local authorities in China's Yunnan province to develop a large holiday and golf resort.

Straits is to invest an initial US$10m in the project, and is committing $40m for a later stage. Temasek Holdings, the Singapore government's investment holding company, will also take up a stake.

Saudi American Bank may double share capital

SHAREHOLDERS of Saudi American Bank (Samba), the biggest joint-venture bank in Saudi Arabia, are to meet today to decide on plans to double the bank's share capital to SR1.2bn ($320m), Reuter reports from Manama.

Mr Zakariya al-Kabbaa, general manager, said the extraordinary meeting would review plans for a one-for-one bonus issue, paying for it by transferring SR600m from its reserves. At the end of 1991, the bank's statutory and general reserves stood at SR2.4bn.

Mr Mehli Mistri, managing director, said last month that Citibank, part of Citicorp of the US which holds 30 per cent of Samba's equity, would maintain its stake and remain a long-term partner.

A year ago, Citibank sold 10 per cent of the bank's shares to two Saudi national social welfare agencies for an undisclosed amount.

● United Gulf Industries (UGIC), a Bahrain-based conglomearate, is to offer 28m new shares later this week to raise its paid-up capital to BD40m ($10.6m), Reuter reports from Manama.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

Ontario set to lead in Canadian borrowing

THE Province of Ontario looks set to be the first major Canadian borrower of the year, writes Brian Bollen.

It plans this month to launch its third global US dollar bond issue, through Goldman Sachs and Salomon Brothers, to complete its borrowing programme for the financial year ending March 31 and pre-funding part of next year's. The maturity is likely to be between seven and 10 years, and the amount around $2bn, says Salomon Brothers.

The World Bank plans to launch its 30-year US dollar global bond towards the end of this week. The bank will be looking to raise $1bn to $1.5bn over 30 years with an issue which will be non-callable and stripable, allowing banks to detach the coupons on the bonds and sell them separately.

Brisk beginning to year with Finnish issue

By Brian Bollen

THE Republic of Finland helped to produce a brisk start to the new year in the international bond markets by announcing its latest big foreign currency borrowing, one of two major issues in the D-Mark sector yesterday.

INTERNATIONAL BONDS

Finland's new DM2bn seven-year bond issue, lead-managed by Dresdner Bank, will be priced today at 50 to 55 basis points over German government bonds. This compares with a spread of 63 basis points on Finland's most recent D-Mark bond, a DM1bn five-year exercise last October.

Mr Veikko Kantola, Finland's director of finance, says that the lower indicated spread for a slightly longer maturity reflects an improvement in Finland's perceived credit worthiness as the recession bottoms out, economic news becomes more positive and Finland prepares for negotiations to start on its application to join the EEC.

Bankers say that Finland is benefiting more from a lack of supply of higher yielding bonds in the seven-year range, and that the indicated pricing looks on the demanding side.

Coupled with the SFr500m bond issue launched in mid-December, this marks a solid foundation for Finland's foreign borrowing this year. The indications now are that the country will be looking to borrow $7bn to $8bn externally, as government borrowing climbs to around 40 per cent of GDP, compared with 20 per cent a year ago.

Finland will concentrate on borrowing in the main European currencies, supported by borrowings in dollars and yen, some of which could be swapped to keep their combined share of the country's foreign currency borrowings at around a quarter of the total.

The other D-Mark issue, Deutsche Bank's DM1bn 10-year issue for itself, was very well received, thanks to the name, said bankers.

Banks are reporting continuing demand for US dollar collared floating rate notes, as continental European investors, who are bullish on the dollar, seek to reduce interest rate exposure. UBS Phillips & Drew reported demand across Europe for its Republic of Austria $200m 10-year issue with a five per cent minimum coupon and 8¼ per cent maximum. Austria has an existing issue on the same terms, which is currently trading over par, says UBS.

Austria's new issue went well and slightly overshadowed the other three launched yesterday. Credit Local de France's $150m 10-year issue through Goldman Sachs International was said to be selling slowly but surely.

Swedish Export Credit reopened an issue due in November 2002, with a further $50m tranche through Morgan Stanley International, while Helaba (Landesbank Hessen-Thuringen Girozentrale) is raising $100m on a subordinated basis over 10 years through Kidder Peabody.

The coupon will be set at ⅛ per cent below six-month Libor, with a minimum of 5 per cent and a maximum of 9¼ per cent.

The Council of Europe is raising a further $100m through a re-opening of an existing fixed-rate issue due in October 1999, to meet professional demand..

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Republic of Austria(a)‡	200	(a)	100	Jan.2003	50/20bp	UBS P&D Secs.
Crédit Local de France(b)‡	150	(b)	99.5	Feb.2003	50/25bp	Goldman Sachs Int.
Swedish Export Credit(c)‡	50	(c)	99.626	Nov.2002	50/25bp	Morgan Stanley Int.
Council of Europe(d)	100	8.125	97.29	Oct.1999	30/15bp	Daiwa/MSI/UBS P&D
Helaba(e)‡	100	(e)	99.5	Jan.2003	50/25bp	Kidder, Peabody Int.
D-MARKS						
Deutsche Fin.Netherlands	1bn	7.5	102.5	Feb.2003	2½/1½%	Deutsche Bank
AUSTRALIAN DOLLARS						
Australian Ind.Dev.Corp.	100	9.25	100.65	Feb.2003	2⅛/1⅜%	Hambros Bank
SWISS FRANCS						
Swedish Export Credit	200	5.75	102	Feb.2003	-	Swiss Bank Corp.

Final terms and non-callable unless stated. ‡Floating rate note. a) Coupon pays 25bp below 6-month Libor. Minimum coupon 5%, maximum 8¼%. b) Coupon pays 25bp below 6-month Libor. Minimum coupon 5⅛%, maximum 8¼%. c) Coupon pays 12.5bp below 6-month Libor. Minimum coupon 5%, maximum 10%. Fungible with outstanding $150m. Plus 75 days accrued interest. d) Fungible with outstanding $250m 40 days after payment date. Plus 127 days accrued interest. e) Borrowers full name: Landesbank Hessen-Thuringen Girozentrale. Coupon pays 12.5bp below 6-month Libor. Minimum coupon 5%, maximum 9¼%.

Nordex share trading system ceases operations

By Richard Waters

A CROSS-BORDER share trading system that had sought to pioneer international screen-based dealing in Europe has ceased to operate, sounding a warning to other planned ventures which aim to service Europe's equity markets in the coming months.

Nordex, launched two years ago to trade Scandinavian and, later, Dutch shares, ceased to operate as a market just before Christmas. It had acted as an anonymous screen-based dealing service, capturing trade that flowed between the home markets of the companies whose shares were traded and the active international share market in London.

At its peak, Nordex only managed to capture around 2 per cent of the international market in these shares, said Mr Clive Archer, managing director of Transvik, which owned Nordex. He blamed lower volumes in Scandinavian stocks and high Scandinavian settlement charges, which he put at around £50 a trade.

Nordex also suffered from the extra costs associated with using Citicorp as a central guarantor to the system. Besides the cost of paying the bank for providing the guarantee, Citicorp acted as a counterparty to all transactions, effectively doubling the number of trades that needed to be settled and doubling settlement costs. Nordex had also antagonised some of its broker-dealer users when it began to offer the service direct to their institutional customers, said Mr Archer.

The closure comes after a difficult period for Scandinavian markets generally, and an attempt by Sweden to recapture turnover in Swedish shares by dropping its turnover tax. The London Stock Exchange said that, while the volume of Scandinavian shares traded on its Seaq International market had not declined, it has lost two Scandinavian market-makers in the past year, reducing the number to eight.

Nordex's departure comes as other providers are preparing to target the secondary equity markets in Europe. Among them is Tradepoint, a venture which plans to use trading technology developed by the Vancouver Stock Exchange to break into the European market. Mr Peter Bennett, chief executive, said yesterday that Nordex's failure did not spell problems for Tradepoint, which would target London-based share trading and had already sorted out technological and regulatory issues ahead of its launch which took Nordex two years to resolve.

Tradepoint was officially given a listing in Vancouver at the end of last year.

Old neuroses over the ERM mar restart of trading

By Richard Waters in London and Patrick Harverson in New York

EUROPEAN government bond prices dipped in early trading yesterday before bouncing back later in the day as the markets continued to display some of the neuroses that had infected them at the end of 1992: fears that the French franc would be forced to devalue, dealing a further blow to the exchange rate mechanism, and that hefty borrowing in some quarters would force yields higher.

Longer-dated UK government bonds opened slightly down from their close at the end of the old year, but promptly slipped as much as half a point in thin trade. Profit-taking was blamed for the slide, though the low level of trading suggested no big investment institutions were active in the market.

Shorter-dated paper held steady during the day, leading to a steepening of the sterling yield curve and reversing the flattening that had taken place at the end of 1992. Traders warned against seeing the movement as a signal of further rises in long gilt yields in the short term – though most expect such a movement later this year, once the scale of the next financial year's Public Sector Borrowing Requirement becomes clearer and the funding of the 1992/93 deficit begins in earnest.

■ THE German government bond market shook off the resignation of economics minister Mr Jürgen Möllemann with barely a flicker. More important in determining the direction of bund prices will be the public sector wage negotiations which begin on Friday, said Mr Richard Grey, economist at UBS Phillips & Drew.

GOVERNMENT BONDS

The Bundesbank switched back to a variable rate tender for its latest repurchase agreement operation, after the series of fixed-rate repos at the end of last year. Economists warned against reading this as a sign that German interest rates are set to fall, though, and the repo rate, when it is announced today, was expected to remain steady at around 8.75 per cent.

Similarly, there are few expectations of any relaxation when the Bundesbank council meets on Thursday.

■ PRESSURE on the French franc built up yesterday as the anticipated new year attack on the currency began in earnest. At its latest repurchase agreement auction, the Bank of France drained FFr24.5bn from the markets, indicating an intention to keep conditions tight, though the key intervention rate stayed unchanged at 9.1 per cent, with the 5-10 day repo rate at 10 per cent.

These rates are well below money market rates, though, with 3-month money yesterday trading at around 12.5 per cent, prompting suggestions that the Bank of France will not be able to hold official rates low for much longer. Shorter-dated paper lost ground, with the yield on the 7.5 per cent bonds due April 1995 rising from 8.01 per cent to 8.06 per cent during the day, though longer-dated bonds held generally steady.

■ AIDED by a stronger dollar, US Treasury securities posted big gains at the long end of the maturity spectrum yesterday morning.

By midday the benchmark 30-year government bond was up ⅝ at 103$\frac{1}{32}$, yielding 7.346 per cent. At the short end of the market, the two-year note was only slightly firmer, up $\frac{1}{16}$ at 100$\frac{1}{16}$, to yield 4.506 per cent. Trading was busy.

Overseas investors continued to buy Treasury bonds, lured by the strength of the US currency. This buying, combined with short covering by dealers in New York, pushed up the prices of longer-dated securities sharply.

FT FIXED INTEREST INDICES

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24	Year ago	High*	Low*
Govt.Secs(UK)	94.05	94.34	94.41	94.09	94.07	87.00	95.54	85.11
Fixed Interest	109.51	109.81	109.67	109.48	109.43	97.15	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
*for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Dec 31	Dec 30	Dec 29	Dec 24	Dec 23
Gilt Edged Bargains	46.0	83.3	81.1	40.9	83.1
5-Day average	58.1	73.5	76.8	86.4	97.0

*SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.6555	-0.274	8.96	8.92	8.84
BELGIUM		8.750	06/02	105.9000	-	7.84	7.84	8.02
CANADA *		8.500	04/02	103.7000	+0.250	7.92	7.83	8.00
DENMARK		9.000	11/00	99.8500	-0.420	9.02	9.05	9.05
FRANCE	STAN	8.500	03/97	101.5781	-0.001	8.02	8.02	8.12
	OAT	8.500	11/02	102.6650	-0.100	8.09	8.09	8.25
GERMANY		8.000	07/02	105.1800	+0.100	7.23	7.23	7.40
ITALY		12.000	05/02	93.1250	-0.825	13.74†	13.39	13.78
JAPAN	No 119	4.800	06/99	101.7052	+0.227	4.46	4.51	4.45
	No 145	5.500	03/02	106.2683	-0.007	4.63	4.55	4.80
NETHERLANDS		8.250	06/02	106.8400	+0.910	7.22	7.26	7.50
SPAIN		10.300	06/02	87.3500	-0.700	12.65	12.43	12.71
UK GILTS		10.000	11/96	109-02	-4/32	7.25	7.21	7.29
		9.750	08/02	109-15	-12/32	8.29	8.30	8.35
		9.000	10/08	103-12	-16/32	8.60	8.59	8.74
US TREASURY *		6.375	08/02	98-05	+11/32	6.64	6.66	6.90
		7.625	11/22	103-04	+15/32	7.36	7.37	7.54
ECU (French Govt)		8.500	03/02	99.4250	+0.270	8.59	8.63	8.65

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

Equity issues in Canada raised C$13bn last year

By Robert Gibbens in Montreal

DESPITE the recession and a sluggish stock market, equity issues in Canada raised more than C$13bn (US$10bn) last year, compared with C$8.9bn in 1991.

The 1992 total included C$11.8bn in common share issues, including both primary and secondary financings. The oil and gas sector was most active, because of increasing exploration and development, and other resource sectors were also busy.

Privatisation accounted for one large financing, a C$850m issue of Nova Scotia Power shares.

For the first nine months, new issues totalled C$5.1bn against C$5.7bn a year earlier, the Investment Dealers Association of Canada said. Underwriting revenues ran higher for brokers and the large investment bankers. RBC Dominion Securities led the field in underwriting.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on January 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	69	6
Other Fixed Interest	3	12	0
Commercial, Industrial	592	144	688
Financial & Property	272	91	434
Oil & Gas	24	10	51
Plantations	1	0	8
Mines	36	37	67
Others	58	29	36
Totals	991	392	1,290

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	–	245	243	Critchley Group	245	+2	L6.1	2.2	3.3	17.4
–	F.P.	–	103	103	For. & Col. PEP Inv Trt	103		F3.38	–	4.4	–
100	F.P.	–	102	101	Hoare Govett Smlr Co's	101		–	–	–	–
90	F.P.	–	106	102	Hunters Armley	106	+6	W3.38	2.2	4.2	14.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings: Dec. 21
- Last Dealings: Jan. 8
- Last Declarations: March 25
- For settlement: April 5

3-month call rate indications are shown in Saturday editions.

Calls in Argyll Group, Berisford Intl., Campari Intl., Cannon Street Invs., Crown Eyeglass, Euro Disney, Hanson warrants, Intl. Food, Lasmo, ML Labs., Ratners, Shandwick, Sterling Publshg. and Trafalgar Hse. Doubles in Berisford Intl., BET, Hanson warrants, Hunterprint, Kwik-Fit and Shandwick.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES	Mon Jan 4	Day's change %	Thu Dec 31	Accrued interest	xd adj. 1992 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Mon Jan 4	Thu Dec 31	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

Evode omits profit forecast

By Roland Rudd

EVODE, the chemical and plastics group fighting a hostile £94.3m bid from Wassall, yesterday omitted a profits forecast with its final defence document.

Mr Andrew Simon, Evode's chairman, said it was not practical to publish a profits forecast after only three months of trading since its financial year ended on October 3.

Evode's document, which contained its balance sheet for 1992, rebutted many of Wassall's earlier comments, accusing the mini-conglomerate of an "ill-informed and over-simplified attack" on the company.

Mr Chris Miller, Wassall *chairman, said he was* "amazed" that Evode declined to publish a profits forecast or give details of its current trading performance.

"The absence of any comment on current trading, let alone a profit or dividend forecast, will suggest to Evode shareholders that its board lacks confidence in its ability to deliver satisfactory results in the future."

Evode recently produced a 40 per cent increase in pre-tax profits, from £7.3m to £10.2m, for the 53 weeks to October 3. Its shares yesterday firmed 1p to close at 103p, while Wassall's shares were unchanged at 217p.

Wassall may increase its 80p a share offer today. However, Mr Miller warned that he was not willing to overpay. "We have already raised more than £50m from the first half of our rights issue and, if necessary, we will be in a very good position to look for other acquisitions."

Evode's document seeks to reassure shareholders that it has only been in breach of interest covenants relating to the $43m (£28m) unlisted US redeemable shares. Shareholders have waived their rights, *from the breach of covenant,* to appoint directors to Evode's board.

The group said it was only close to breaching another covenant because of the change in accounting rules which forced it to restate reserves.

It said it was confident of gaining the support of the two US preference shareholders, US West and GE Capital, to change the covenants.

For the first time in two years Mr Simon and his chief executive, Mr David Winterbottom, enjoyed pay increases. Mr Simon's pay rose to £127,487 (£124,019) and Mr Winterbottom's to £141,114 (£136,304).

Andrew Simon: an ill-informed and over-simplified attack

TSW and UK Safety delay talks until March

By Raymond Snoddy

TELEVISION South West, the former ITV company, will in March re-open talks about a *reverse takeover* with UK Safety Group, the Bristol-based specialist shoe manufacturer.

TSW, shares in which were suspended at 29p yesterday, and UK Safety decided that a full set of 1992 accounts would be needed for detailed negotiations to get under way.

The group, replaced as the ITV broadcaster for the west of England by Westcountry on January 1, expects to complete its final set of trading accounts by the end of February.

A reverse takeover of UK Safety to give the shoe manufacturer a Stock Exchange listing is the most likely future for TSW, although a liquidation has not been ruled out.

An auction of remaining equipment *will be held in* April and attempts will be made to sell the Plymouth headquarters site. Because of the depressed state of the property market short-term lets are more likely.

TSW's assets include a tiny, but valuable stake in Astra, the Luxembourg-based satellite system.

Wimpey to sell Liverpool shopping site for £20m

By Andrew Bolger

GEORGE WIMPEY, the construction group, has conditionally agreed to sell its shopping development site at Clayton Square, Liverpool, for £20m.

The group said the sale would lead to a provision of £11m which *would be taken* through the profit and loss account of its annual results for 1992, due in March.

However, it said the disposal would have a minimal impact on the balance sheet, as the Clayton Square development had already been written down in the 1991 accounts, which included a write-down of £27.6m in the value of the group's investment properties.

Wimpey repeated its warning, given at the time of its interim results in September, that a year-end evaluation of its land bank and commercial activities was "expected to result in substantial further provisions."

Analysts now expect these provisions to exceed £100m, leading to pre-tax losses of about £120m, compared with £16.1m losses last time. Wimpey's shares closed 1p higher at 115p.

The sale means that Wimpey has raised more than £300m since it announced a planned £400m disposal programme to reduce gearing in 1991.

Year-end debt is put at less than £180m, which on estimated shareholders' funds of £500m gives gearing of about 35 per cent.

Wimpey halved its interim dividend to 2p, and is still expected to halve its final payment to 3.25p.

In November, Sir Clifford Chetwood, who has just retired and been replaced as chairman of Wimpey by Sir John Quinton, forecast that the recession in the construction industry could last until 1995.

See Lex

ECC selling Haul-Waste to South West Water

By Peter Pearse

IN THE latest move in its strategy to sell non-core businesses, English China Clays, the world's largest producer of china clay, is selling Haul-Waste, its waste disposal operations, to South West Water for a total £27.5m.

The initial consideration is £25m cash, payable on completion, expected in early February. Mr Peter Elliott, company secretary, said that the payment of part or all of the balance would be triggered by the further availability of landfill sites.

ECC announced in August that it intended to sell Haul-Waste, a waste management company which operates landfill sites and collects and disposes of dry and liquid wastes in the south-west of England. The August announcement prompted a 24p rise in ECC's shares to 481p. Yesterday they slipped 4p to 453p, while SWW's eased 2p to 487p.

The disposal programme will enable the group to concentrate on its core industrial minerals and construction materials businesses.

Mr Ken Hill, SWW finance director, said that SWW was buying 18 of 20 Haul-Waste's sites, giving nearly 12m cu m of void space, and that there were another 10 potential sites that ECC was excavating. He said that the initial £25m was being raised by a private placement.

● Northumbrian Water Group has bought the Burnhills Quarry landfill site from Tilcon. It will use the site for the disposal of hazardous and restricted wastes.

Maddox sells distribution businesses

By Roland Rudd

Maddox Group has agreed to sell off its two electrical wire and cable distribution subsidiaries for $29.6m (£19.1m).

Cables & Flexibles and Seacoast Electric Company are to be sold via a US-based management buy-out. The disposals underline its decision to concentrate on the core computer maintenance business.

Maddox will have the option to convert a loan note which will form part of the consideration into a 49 per cent equity interest in Lantek Electronics, the main buy-out vehicle, in three years' time.

C&F made a pre-tax loss of £277,000 in the five months to September 30 1991 while Seacoast made $893,000 profits in the nine months to that date.

Christmas cheer for Storehouse

Storehouse, the retail group which includes BhS and Mothercare, added to recent optimism in the stores sector yesterday when it announced its Christmas trading had been encouraging.

The group said Christmas sales were in line with expectations, and consistent with the trend of year-on-year sales increases, averaging about 8 per cent, which Storehouse has shown in the last 15 months. Margins, which improved by between 1 and 2 percentage points in the first half of the year, improved at a similar rate in the second half.

"The important thing is we had a pretty good Christmas the previous year, so to continue to make progress was very pleasing," the company said. It added that Christmas offers at BhS on many items including special gifts, food and lingerie had sold particularly well.

Trading last week, when many stores saw record numbers on the first days of their January sales, was described as very good, well up on the same week last year.

Bowater buys rest of MiTek

By Matthew Curtin

BOWATER, the packaging, printing and building materials group, has, through Rexham, its US subsidiary, paid $55m (£36m) for the remaining 44 per cent stake in MiTek, the builder's hardware supplier.

Mr Michael Hartnall, finance director, said Bowater always intended to take over the Missouri-based company after it bought a 49 per cent interest in 1987 and another 7 per cent in 1989. The group decided to exercise its call option on the remaining equity when it expired in December.

Mr Hartnall said MiTek was the leading North American supplier of metal connector plates, used in timber construction, and complemented Bowater's activities in the construction industry.

Operating profit was estimated at $14.5m on turnover of $127m in the year to end-December, and its net assets of $45m included $20m cash. MiTek has not been consolidated in Bowater's results because it controlled only 49 per cent of the voting rights.

Bowater reported an increase in pre-tax profits from £52.5m to £62.4m in the half-year to June 1992, with market forecasts that at year-end profits would improve from £113m to between £145m and £155m. A fifth of sales, worth £1.27bn in 1991, is derived from North and South American operations.

Sun Alliance cuts bonuses

By John Authers

SUN ALLIANCE, the composite insurer, yesterday announced cuts in the bonuses it pays on with-profits life insurance contracts.

Pay-outs on 10-year endowments, which Sun Alliance expects to account for a large proportion of its business following heavy sales of the product in 1983 and 1984, *will drop by 14.94 per cent,* compared to this time last year.

Assuming the policy was taken out by a 29-year-old man paying £30 per month, a pay-out of £7,060 on January 1 last year would have dropped to £6,005 by the beginning of this month.

Cuts in 25-year pay-outs have been less marked, and on the same assumptions a £52,021 pay-out will drop to £50,048.

The company chose to make *cuts in annual or reversionary* bonus rates, which are announced annually and then cannot be taken away from the value of the contract.

It said this reflected its expectations of lower investment returns and inflation for the next decade.

Capital bonuses, added only at the end of the contract, remain unchanged but are reviewed monthly.

Glaxo's Zofran tablets approved

By Daniel Green

THE US Food and Drug Administration has approved the tablet version of Zofran, an anti-nausea drug that has become one of Glaxo's best sellers less than three years after its launch.

Glaxo shares rose 8p to 799p on the news yesterday.

The drug's sales in the year to June 1992 were £259m, including sales in the US of the injectable version, approved by the FDA two years ago.

Analysts estimate total of Zofran sales this year to rise to almost £400m.

FT-SE Actuaries Indices seminar

SOME PLACES remain available at a seminar on the new FT-SE Actuaries Share Indices, to be held on Wednesday January 13.

The seminar will be chaired by Mr Donald Brydon, chairman of the FT-SE Actuaries Steering Committee. It will provide investors and their advisers with an opportunity to discuss the changes introduced by the new indices with a panel of experts.

Speakers will cover:
- Design features of the UK Series
- Variations in performance of the new indices
- The choice of benchmarks facing fund managers, plan sponsors and fund directors
- Trading the indices using baskets and derivatives.

The seminar will be held at the Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1. It will start at 3.30pm and finish around 6.30pm.

The seminar is free of charge, but prior notice of attendance is required. To reserve a place, contact Jane Butler on 071-242 0106 or by fax on 071-405 2482.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
00:30	19.10	17.75	17.76
01:00	20.66	23.34	24.81
01:30	26.70	26.17	29.68
02:00	26.70	26.17	29.63
02:30	19.10	23.34	24.81
03:00	19.10	23.34	24.81
03:30	18.25	20.49	20.49
04:00	17.55	18.46	18.46
04:30	17.51	18.16	18.16
05:00	17.51	18.16	18.16
05:30	17.52	18.16	18.16
06:00	17.52	17.81	17.81
06:30	17.58	17.93	17.93
07:00	19.10	23.08	24.80
07:30	21.87	24.66	26.42
08:00	24.67	24.66	26.42
08:30	24.66	26.14	29.77
09:00	24.67	29.69	31.37
09:30	24.67	26.16	29.76
10:00	24.67	29.69	31.37
10:30	24.66	26.14	29.77
11:00	24.67	24.66	26.39
11:30	24.66	24.66	26.39
12:00	24.66	26.14	29.76
12:30	24.66	26.14	29.76
13:00	24.66	24.66	26.40
13:30	24.67	24.66	26.41
14:00	24.67	20.87	20.87
14:30	20.60	20.87	20.87
15:00	19.75	20.72	20.72
15:30	23.72	24.69	26.42
16:00	25.46	26.80	30.66
16:30	33.39	39.56	44.08
17:00	47.81	52.74	58.52
17:30	46.36	53.22	58.80
18:00	42.66	44.52	48.46
18:30	27.41	30.62	32.91
19:00	29.24	26.42	30.08
19:30	26.10	27.28	28.81
20:00	23.21	24.66	26.36
20:30	22.00	24.71	26.19
21:00	21.87	23.34	24.79
21:30	20.66	23.08	24.80
22:00	20.56	23.08	24.54
22:30	19.10	22.92	24.40
23:00	17.56	18.49	18.49
23:30	17.60	17.72	17.72
24:00	17.46	17.72	17.72

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.56/MWh becomes 1.656p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

COMPANY NEWS: UK

NatWest seeks a new life

John Gapper considers a resolution to secure long-term income

THE NEW year's resolution of most high street banks is to make more money than in the past year. Beset by provisions on bad loans, they are seeking ways to increase steady sources of income.

This is why National Westminster Bank is placing both hope and £105m in a new insurance subsidiary.

National Westminster Life Assurance is an expression of optimism for the future. Mr Lawrence Churchill, its chief executive, believes it can sell 200,000 policies in its first year. NatWest Life starts underwriting this week, and has a regional sales force of 1,900 already in place.

But the venture is also an admission of past error. The bank did not tie to a life insurer in 1988 when the Financial Services Act forced it to choose. It made great play of the fact that its NatWest Insurance Services subsidiary was an independent intermediary which offered unbiased advice.

Things have changed since then. Although NatWest Insurance Services contributed profits of £54m in the first half of the year, the bank has come to have second thoughts about advising the most profitable segment of its customer base to take its related business elsewhere.

The growth of "bancassurance", the sale of insurance through banks, in Europe is being matched in Britain. Of the 1.2m Lloyds Bank customers with life and pensions policies, 14 per cent are with its Black Horse Financial Services subsidiary. Lloyds thinks it can raise that to 35 per cent by 1995.

Life assurance sales fit well with NatWest's attempt to remodel its branch network, removing much processing work and making more space available as a customer service and sales area. For branches to become more profitable, they will have to generate more sales of financial products.

Part of NatWest's strategy, along with that of other high street banks, is to raise non-interest income which does not carry the risk of loans going bad. At the half-year, the non-interest income was £1.38bn, about 43 per cent of the total, and the bank wants to increase this.

The sale of tied life assurance fits well with many of NatWest's intentions. Potentially at least, it is a good way of making money compared with lending.

"Life assurance has high quality profits. People tend to die in a predictable way, so you can price risk," said Mr Churchill.

Lawrence Churchill: high hopes of quality profits

The bank has devoted considerable effort to analysing and planning its new venture. It is the dominant partner, with a 92.5 per cent stake, but has involved Clerical Medical, the life insurer, to handle the fund management and provide start-up advice on administration and systems.

NatWest Life will offer 12 standard life products, which it believes will cover 95 per cent of what its customers want. Most of the selling will be done by 1,500 financial advisers, who will work from referrals by branch staff, and independent requests from NatWest customers for advice.

A venture into tied life assurance selling raises several issues for a clearing bank.

There is the question of exploiting a bank's customer base to sell products. One reason for the growth of tied sales is that "warm selling" through branches is more effective than cold calling. Bank advisers usually sell about four policies for every one managed by an insurer's sales force.

However, there is great potential for upsetting customers by selling too aggressively. As Mr Churchill admitted, those going into bank branches may get "cheesed off" by a succession of offers. He insisted that the bank's priority was to develop a trusted relationship rather than exploit it.

The fine dividing line has already been recognised in the banking code of practice, introduced this year, which prevents bank sales forces from simply tapping into customer databases to find potential customers. Customers have to be referred by branch staff.

There is also the question of the selection and training of staff. The cultural divide between many traditional branch staff and insurance sellers has already been recognised by NatWest. It has used psychometric tests to help recruit internally staff who will be happy to talk and sell to customers.

It has also introduced unusual employment terms.

Unlike most insurance sales forces, NatWest Life's advisers will be paid largely by salary with a small bonus linked to sales. Mr Churchill said this would restrain over-enthusiastic selling. But it could also encourage inertia.

Finally, there is the question of how quickly NatWest Life will start contributing to profits. Mr Churchill hoped it would contribute a "significant proportion" of profits in the long term. In terms of the embedded value of policies, he thought it would be profitable by the end of the first year.

However, he estimated that it would be three years before it passed on a dividend to the bank. This means that NatWest cannot hope for it to balance the weight of lending problems as fast as it might wish.

Mr Churchill said the bank took a long-term view. "This is not the flavour of the year. Internally, it is viewed as one of the most visible strategy moves in 20 years," he said.

This part of the NatWest's new year's resolution will have to wait until past the end of 1993 to prove its value.

CRH pays Fl 108m for Dutch companies

By Tim Coone in Dublin

CRH, the Dublin-based international construction materials group, has begun the new year as it finished the old – with a further round of acquisitions in the Netherlands.

The company yesterday announced the cash purchase of Struyk Holding and Kleiwarenfabriek Wessem for a total of Fl 108m (£39m).

CRH said the two companies, which had a combined trading profit of Fl 18.7m on turnover of Fl 137m in the year ended December 31, would provide additional paving materials and clay brick manufacturing capacity.

Last November, CRH doubled its number of builders' merchants outlets in the Netherlands by acquiring Braks and Monster, as part of a broader I£22m (£23.5m) international expansion also involving acquisitions in the UK and US.

Mr Brian Hill, group director responsible for Europe, said yesterday "In the course of 1992 we have strengthened our strategic position in the Netherlands by bolt-on additions in three of our core business areas . . . .The addition of Wessem to our clay brick group consolidates our leadership of the quality brick sector while the acquisition of Struyk significantly strengthens CRH's presence in concrete products on the European mainland".

According to BCP stockbrokers in Dublin, 21 per cent of operating profits in 1991 were derived from operations in the Netherlands.

These profits are forecast to rise to I£20m this year from I£14m last year.

CRH's latest purchases now give it a broad presence in the Dutch market for concrete, bricks and clay products and fencing, together with a strong distribution network of builders' merchants and DIY outlets.

NEWS DIGEST

Tarmac makes £13m disposals

AS PART of its continuing debt reduction programme, Tarmac, through its industrial products division, has sold two further companies, Bolton Brady and Meple for about £13m – the final figure to be adjusted for the actual levels of working capital at completion.

The latest deals mean that since Tarmac launched the divestment programme last spring, 10 businesses have been sold bringing the group about £150m.

Bolton Brady, a door manufacturer, has been sold to a consortium led by its executive directors via a management buy-out. Meple, a French maker of waterproof membranes, has been sold to Iko, a Canadian company.

Ramus warns of further losses

Ramus Holdings, the USM-traded building materials group, warned shareholders to anticipate further losses in the current year.

In the annual report and accounts for the 12 months to June 30 1992, which showed a pre-tax deficit of £2.95m on turnover of £52.9m, Mr Lionel Ramus, the outgoing chairman, said that difficult trading conditions had persisted and the group had initiated structural changes to reduce costs.

These moves will result in an exceptional charge of approximately £350,000 in the six months to end-December when losses before tax and the exceptional are expected to total about £1m.

Nevertheless, directors said benefits of the rationalisation and cost reduction programme were already being felt. They expressed "cautious optimism" over the second six months.

Callhaven seeks to raise £1m

Callhaven, a desk top computer supplier, has launched a fund-raising operation aimed at attracting up to £1m from private and institutional investors.

The group – shares of which are traded under Rule 535 (2) – is offering for subscription up to 4m new 5p shares at 25p each, payable in full on application.

Before the opening date of December 29, firm undertakings had been received for 1.48m shares. Directors believed that the minimum subscription of £600,000 would be comfortably exceeded by the January 29 closing date.

Barclays sells stake in Israeli retail bank

Barclays has sold its stake in an Israeli joint-venture retail bank for an undisclosed sum.

The clearing bank said it sold its holding in Barclays Discount Bank – which it set up with Israel Discount Bank in 1971 – to CP Holdings, a private company controlled by Mr Bernard Schreier, a UK-based businessman. It said the move was part of its strategy of concentrating resources on core businesses.

Neepsend down 40% despite export lift

Increased interest charges contributed to a 40 per cent contraction in interim profits at Neepsend, the Sheffield-based tool, metal processing and DIY products group.

Although trading profits for the six months to September 30 were static at £323,000, interest payable of £221,000 (£196,000) left the pre-tax line at £102,000 (£172,000). There was an exceptional credit last time of £45,000.

Mr Hugh Sykes, chairman, said the recent reductions in interest rates would help the company in the future.

Turnover improved marginally to £7.86m (£7.71m), bolstered by improved export sales which jumped 62 per cent against the first half of 1991. Home sales, however, dipped 11 per cent.

The interim dividend is halved to 0.25p, payable April 3, from earnings of 0.42p (0.66p) per share.

Allied-Lyons buys central London pub

Allied-Lyons, the food and drinks company, was yesterday named as the purchaser of the Old Thameside Inn, the central London pub sold for £1.2m by Harmony Leisure, the loss-making pubs and restaurants group.

Harmony said the sale would significantly reduce its gearing. The decision to dispose of the pub follows Harmony's qualified annual accounts for the year to March 29 1992 in which Barclays, concerned at the group's borrowing, insisted on a substantial loan repayment in January this year.

MONTHLY AVERAGES OF STOCK INDICES

	December	November	October	September
FT-SE Actuaries Indices				
100 Index	2778.0	2712.9	2557.1	2452.4
Mid 250	2736.3	2599.3	2456.6	-
350 Share	1349.4	1310.4	1244.9	-
Industrial Group	1401.49	1351.58	1292.31	1236.99
500 Share	1473.45	1425.57	1364.42	1301.03
Financial Group	853.86	844.43	772.13	701.50
All-Share	1324.07	1264.96	1221.45	1156.91
Eurotrack 100	1057.70	1047.06	1002.19	1035.40
Eurotrack 200	1138.57	1112.27	1074.98	1089.87
FT Indices				
Government Securities	93.69	94.27	91.18	89.00
Fixed Interest	108.89	108.98	105.10	104.82
Ordinary	2115.2	2023.1	1899.1	1794.5
Gold Mines	65.6	67.6	72.7	75.0
SEAQ Bargains(4.45pm)	24,158	27,338	23,827	23,767

	Highest Close Dec	Lowest Close Dec
FT-SE 100	2847.8 (29th)	2716.2 (11th)
FT-SE Mid 250	2862.9 (31st)	2644.5 (1st)
FT-SE 350	1388.9 (29th)	1318.0 (11th)
FT-A All Share	1363.97 (29th)	1293.13 (11th)
Ordinary	2185.2 (31st)	2062.8 (11th)

Gold price plummets to lowest level since 1986

By Kenneth Gooding, Mining Correspondent

GOLD'S PRICE in US dollars slumped to its lowest level for seven years yesterday, the first trading day of the new year.

Ironically, the fall was sparked partly by Australian and South African gold producers who could not resist selling forward at the very high prices quoted in their local currencies – a phenomenon caused by the strength of the US dollar.

Dealers suggested that there was also some speculative selling from Switzerland by Middle East syndicates and that South Africa's central bank, the Reserve Bank, stepped in at one stage to buy gold in an attempt to slow the price's rate of descent.

Gold was "fixed" in London yesterday afternoon at $328.25 a troy ounce. Traders said that the price dropped to $327 at one stage and that, if it stayed below $328 – a key chart point – for any length of time, it might fall by another $5 or $10 an ounce. The precious metal closed in London last night at $329.15, down $3.90 an ounce from last Thursday's close.

"We are in an area where the professionals don't have many signposts to guide them," Mr Andy Smith, analyst at Union Bank of Switzerland pointed out.

"I don't expect we will see a $20 or $30 move down, just moves of $5 to $10 and then some temporary recovery – a sawtooth pattern."

Ms Rhona O'Connell, analyst at Williams de Broë, part of Banque Bruxelles Lambert, said gold was in a period of seasonally weak demand so the equilibrium of the market was tilted in favour of downward movements. She recalled gold touched $285 an ounce in February 1985 and June 1982 and suggested that some professionals now had that level as a target. "But if it holds above $320 in the next week or so it will stay there. There is nothing to give it an upward impetus."

Mr Ted Arnold, analyst at the Merrill Lynch financial services group, said a number of market participants were looking at $280 an ounce as "a realistic downside target." The reasoning was that in theory about 35 per cent of western world gold mine capacity, or 623.4 tonnes, should close down after a year or two because they would be uneconomic with prices at that relatively low level.

He added: "The gold market has now reached a point where prices will only rise sharply if there is a dramatic change in either the supply or demand side of the equation. And I strongly doubt that anything very dramatic is going to happen on the demand side."

Australian wheat crop ravaged by storms

By Kevin Brown in Syndey

MORE THAN 40 per cent of Australia's wheat crop may have to be downgraded because of damage caused by heavy rain and hail storms, the Australian Wheat Board said yesterday.

Mr John Lawrenson, managing director, said it would be several days before an accurate picture of the "disastrous" harvest would emerge. However, the worst hit farmers are expected to lose up to half their forecast income.

Officials said early estimates suggested that about 6m tonnes of the forecast crop of 14.4m tonnes had been affected by the weather, mostly in the week before Christmas.

The bad weather has had little impact on the most valuable wheat grades, which are mainly produced in the warmer growing areas of Queensland and northern new South Wales.

Conditions in South Australia, Victoria and southern New South Wales have had a devastating effect on production of Australian standard white wheat, which accounts for about 80 per cent of exports.

About half the damaged wheat may have to be downgraded to feed grade wheat, intended for animal consumption.

Feed grain is expected to sell for about A$120 a tonne gross, compared with A$180 a tonne for standard white.

The board said it may be difficult to dispose of thedamaged wheat because of an international glut of feed grain caused by weather damage to European and Canadian crops and a record US maize harvest.

Officials said there were no plans to destroy surplus grain, but some of the damaged wheat may be placed in storage until next year in the hope that prices will rise. Some of the damaged crop will be sold as lower grade milling wheat, at prices between A$145 and A$165 a tonne.

Prices for the premium grades are expected to be unaffected.

The board said it expected gross returns of A$230 a tonne for prime hard wheat at 13 per cent protein, and A$192 a tonne for hard wheat at 12 per cent protein.

Growers had hoped for a big improvement on the 1991-92 crop of 9.6m tonnes, when drought exacerbated the effects of a financial squeeze caused by high interest rates.

Gloom behind the cocktail chatter

Devaluation has masked the problems facing British farmers

FARMER'S VIEWPOINT

By David Richardson

THE CHRISTMAS cocktail circuit in which the farming industry indulges is a little different to that in suburbia. Much of it takes place in association with rural pursuits such as pheasant shoots and fox hunts.

I will not enter the debate about the ethics or the need for such activities but will suggest that enthusiasm for them among farm folk is as much to do with the opportunities they provide for getting together and talking shop in a relaxed atmosphere as for the kill or the chase. In that respect their function is similar to urban drinks parties.

Chatter over mulled wine, whisky macks and rusty nails during the recent festive season has been, perhaps surprisingly, moderately bullish.

Last year saw the beginning of a fundamental reform of the system of European Community agricultural support that will cut commodity prices substantially over the next three years, as well as the most difficult autumn for decades. But it also embraced a devaluation of the pound that, in the short term at least, led to increases in those same commodity prices, producing windfall returns.

Reform of the EC's common agricultural policy and the introduction of virtually compulsory set-aside was undoubtedly was the biggest shock in 1992. Reared in the tradition that progress is synonymous with increased production, most farmers abhor the prospect of leaving 15 per cent of their land uncropped.

A few say, even now, that they will forgo the compensation that those who take the statutory proportion of their land out of production are entitled to, and attempt to survive at the reduced guaranteed prices imposed by the EC's council of agriculture ministers.

The majority, however, myself included, will bow to the will of the politicians and leave part of our land to grow weeds. The fact that the compensation for so doing has been initially set at what are widely recognised as fair figures and that these too will be raised, in the UK, by the devaluation of the pound, is clearly significant to our decision.

It is something of a paradox that a reform package advertised as being intended to bring agriculture closer to real market forces has had the effect of stimulating every farmer to calculate the mix of cropping and set-aside most likely to provide the biggest income. In the great majority of cases this has resulted in a decision to farm for the maximum subsidy more than most have ever done before.

The political culture shock was followed by another of an extended meteorological nature. Half way through the grain harvest of 1992 it began to rain. At first it was welcomed as a break in the near four-year drought and a boost to depleted water reserves. But it continued until the end of the year – causing untold damage to soil structure as well as the loss of thousands of acres of potatoes and sugar beet. The rains also had made it impossible to plant between 15 per cent and 20 per cent of the autumn grain intended for harvesting next August and led to poor establishment of much that was planted.

The costs of that wet weather will not be felt until later this year and perhaps beyond. They will take the form of a severely reduced UK harvest next summer and massive expenditure on cultivations as farmers attempt to repair soil structure by draining and sub-soiling.

That is something to contemplate in the future, however. Most of the talk over Christmas was of the high prices farmers had made on the grain they gathered from last harvest; of the savings they had made as a result of lower bank interest rates or overdrafts; and of the reintroduction of capital allowances in the chancellor's autumn statement, which would help them re-tool with much needed equipment instead of paying tax on the unexpected profits.

Much of the relief they felt arose from the fact that they found themselves at the end of what could have been a horrendous year, in many ways, better off than they had feared. Their delight, in other words, was somewhat Micawberish in that they now expected to make a small profit instead of a small loss. I was left with the impression that many also followed the Dickens character in their hopes for the future in the perhaps naive belief that, as with the 1992 devaluation "something will turn up".

I hope those who think that way are right. But there is nothing on the immediate horizon to suggest that prospects have really improved. Moreover, what can be foreseen indicates that the les welcome effects of sterling's devaluation story will soon start to bite on farmers – if it has not already. UK farmers import a great many of their livestock and crop production requisites from countries that have not devalued their currencies. These inputs are now having to be paid for in greatly depreciated pounds.

The British government and the European Commission have, anyway, by restricting the green currency system used for intra-community trade, effectively deprived UK farmers of the full benefits that might have been derived from the sterling devaluation. So the foreign exchange bonus enjoyed by arable farmers has proved to be very limited.

Levels of compensation for not producing – for setting aside land – are another issue. It has always been made clear that the scheme was transitional in nature, aimed mainly at cushioning farmers as they adjusted to the reality of world market prices. UK farmers also fear that they face the inevitable antipathy of taxpayers when they become fully aware that their cash is paying for farmers not to grow food. Public opinion may decree, the farming commu ity believes, that compensation should be, at the very least, significantly reduced.

Over the predicament of the UK farmers there hangs the unfinished business of the negotiations on the General Agreement on Tariffs and Trade. They have been assured by politicians from Mr John Major, prime minister, downwards that the compromise reached by the EC with the US late last year and any agreement concluded in the Gatt forum would able to be accommodated within the measures already taken to reform the CAP.

Few British agriculturists who have done the calculations believe that this is possible. Some even predict that successful conclusion of the protracted Gatt negotiations could lead to more than double the present area of British farm land being set aside, without any guarantee of compensation.

Previous challenges to UK farm profitability have normally been satisfied by increases in production. Now, since the introductiuon of set-aside, that is no longer an option. About the only thing that may "turn up" to save the situation is a food shortage. With world stocks of some key commodities still at relatively critical levels that prospect may not be as far fetched as it might seem.

Dominican nickel production suspended until end of March

By Canute James in Kingston, Jamaica

FALCONBRIDGE Dominicana, the Dominican Republic's nickel producer, has suspended its operations until the end of March because of a weak international market caused by high stocks and low prices.

According to Dominican government officials, the decision by the company, in which Falconbridge of Canada has a majority stake, followed a fall in nickel prices from an average of $3.10 a lb to $2.50 a lb. These prices, they said, could not provide the company with a "beneficial profit".

World nickel stocks had risen to about 200,000 tonnes, which is about two and a half month's supply, the officials said, and the company's three month closure is expected to coincide with a draw down of these inventories and a hardening of the market with prices recovering.

The Dominican Republic's nickel production between January and September of last year was 16,974 tonnes, 26.9 per cent less than production in the corresponding period of 1991. Production in 1991 was 29,000 tonnes, 1.6 per cent less than 1990. The Caribbean Republic has reserves of 38m tonnes of ore graded at 1.75 per cent nickel.

S African sugar cane crop at 9-year low

SOUTH AFRICA'S sugar cane growers produced a drought-hit 1992-1993 crop of 1.507m tonnes, the worst since 1984, industry officials said yesterday, reports Reuter from Johannesburg.

The South African Sugar Association, which markets the country's sugar output, said the effects of the severe drought last year could affect the 1993-1994 crop.

Cane in the fields suffered from "green drought phenomenon", said Mr Chris Fitzgerald, spokesman for the association. "It looks nice outside but inside there is no growth," he explained.

He said the 1992-1993 crop was "slightly better" than the 1.377m tonnes produced in the disastrous 1983-1984 season.

World bank unblocks Bolivian mining credit

By Chris Philipsborn in La Paz

THE WORLD Bank has released the remainder of a $35m mining credit to Bolivia.

It had been withheld since 1989 in protest at the slow pave of change within Comibol, the state mining corporation.

According to World Bank officials, the Bolivian government was informed on December 17 that its right to make withdrawals from the fund had been reinstated. As some $4.3m had been disbursed by October 1992, $30.8m remains in the fund.

Recent actions within Comibol prompted by the World Bank include the signing of an agreement with the Pincock consultancy to undertake a structural review of the corporation. Comibol has also taken steps to reform its board of directors and acquired a new president in July.

The long-awaited disbursement of the World Bank credit signals what is widely expected to be the beginning of the end for the state mining corporation. The credit is specifically targeted at encouraging the participation of the private sector investment in Comibol's mine holdings and may eventually lead to the partial, or even full-scale privatisation of the corporation.

Two obstacles to this course of action remain however in the form of union opposition and the Bolivian constitution, which currently bars the privatisation of the corporation.

Rubber reference price under review

By Kieran Cooke in Kuala Lumpur

THE INTERNATIONAL Natural Rubber Organisation says it will hold a meeting on January 29 to decide if its buffer stock reference price should be cut.

It sets the trigger level for Inro's buffer stock buying or selling interventions in the market.

Under Inro rules the reference price must be reviewed every 15 months. Depressed rubber prices over recent months could mean a cut of 5 per cent or more in the reference price. Inro has stockpiled more than 160,000 tonnes of natural rubber over the past three years in an attempt to stabilise prices.

Rubber traders say they are confident of some firming of prices in the coming months but doubt that a cut in the reference price can be avoided. Traders say that with the US economy showing signs of recovery, demand from the tyre manufacturers is likely to pick up this year. China is also expected to become a leading player in the international rubber market.

The Inro affiliated international natural rubber study group forecasts that China will replace Japan as the world's second largest natural rubber consumer this year, with consumption of nearly 700,000 tonnes. The US remained the largest rubber consumer in 1992, with consumption of 825,000 tonnes.

Thailand's rice growers face water problem

THAILAND WILL face a severe water shortage within six months unless farmers reduce the amount of land used to grow rice, government officials have warned, reports Reuter from Bangkok.

Officials are concerned by reduced water levels in the two major Bhumibol and Sirikit reservoirs which supply northern and central Thailand, including Bangkok.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper, tin and nickel prices began 1993 on a strong note at the London Metal Exchange. The COPPER market ended at the highest level for three months in a follow through to last week's move above $2,300 a tonne. Yesterday traders noted good Chinese buying and some suggested that today's LME warehouse stocks figures might show a fall. Sentiment was also buoyed by news of a 2.1 per cent rise in US construction spending in November, which continued a recent wave of positive data from the world's major economy. The three month copper price closed £39.75 up at £1,677.75 a tonne. Copper's bullish mood spilled over into NICKEL up $214.50 to $6,237.50 a tonne for three months delivery, and TIN, up $157.50 to $6,002.50 at tonne, although conditions in both markets were described as thin. At the London Futures and Options Exchange the March robusta COFFEE futures position surrendered its New Year's Eve rally to close $11 down at $1,012 a tonne after trade selling in New York had put the market on the defensive.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$15.85-5.90	-0.30
Brent Blend (dated)	$17.65-7.70	-0.15
Brent Blend (Feb)	$17.95-8.00	-0.25
W.T.I (1 pm est)	$19.15-9.25	-0.35

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$186-188	-3
Gas Oil	$180-181	+1
Heavy Fuel Oil	$73-74	
Naphtha	$178-179‡	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$327.15	-3.90
Silver (per troy oz)♣	365.5c	-2.0
Platinum (per troy oz)	$352.50	-2.75
Palladium (per troy oz)	$106.25	
Copper (US Producer)	108.5c	+0.5
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.65r	+0.03
Tin (New York)	275.5c	+6.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	115.52p	+0.74*
Sheep (live weight)†♣	86.11p	+1.86*
Pigs (live weight)†	86.48p	-0.85*
London daily sugar (raw)	$210.0w	-1.0
London daily sugar (white)	$250.0w	-1.0
Tate and Lyle export price	£248.0	
Barley (English feed)	£135.0	
Maize (US No. 3 yellow)	£182.5	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	64.50p	+0.25
Rubber (Mar)♥	65.00p	+0.25
Rubber (KL RSS No 1 Jan)	233.0m	+2.0
Coconut oil (Philippines)§	$472.5	-2.5
Palm Oil (Malaysian)§	$405.0	-2.5
Copra (Philippines)§	$295.0	-7.5
Soyabeans (US)	£175.5	+2.5
Cotton "A" index	54.85c	
Wooltops (64s Super)	399p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. y-Feb/Mar u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices ‡Correction Naphtha 30/12/92 $179-180.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	186.00	187.00	186.00

White	Close	Previous	High/Low
Mar	248.00	249.20	249.00 247.50
May	250.20	250.80	250.00 248.20
Aug	255.70	256.70	256.00 255.50
Oct	243.30	243.90	244.00 241.30

Turnover: Raw 13 (0) lots of 50 tonnes. White 892 (3313) Paris- White (FFr per tonne): Mar 1402.16 May 1436.72

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Feb	17.90	18.29	18.21 17.88
Mar	18.02	18.36	18.30 18.01
Apr	18.07	18.40	18.33 18.07
May	18.12		18.35 18.12
Jun	18.17	18.42	18.37 18.14
IPE Index	18.22	18.28	

Turnover 24001 (8146)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	173.25	174.00	175.75 172.50
Feb	173.75	175.00	176.25 173.00
Mar	172.25	174.25	174.50 171.50
Apr	169.00	170.50	171.00 169.00
May	167.75	169.00	169.00 167.00
Jun	167.00	168.75	169.75 167.00
Jul	169.50	171.00	169.50
Sep	174.00	175.25	174.00 173.50

Turnover 22331 (7789) lots of 100 tonnes

TEA

There were 12,740 packages for the day, reports the Tea Brokers' Association. There was good but less forceful demand. The smaller quantity of Assams sold readily at fully firm rates. Price levels for bright liquoring African teas were 5-15p lower. Mediums showed some irregularity but generally remained about steady. Offshore: more selective demand with prices tending easier. Quotations: quality 210p/kg, good medium 165p/kg, medium 155p/kg, low medium 115p/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	704	693	705 694
May	718	709	719 711
Jul	733	725	733 725
Sep	747	735	748 740
Dec	770	765	770 764
Mar	792	783	795 784
May	807		807
Jul	822		824 818
Sep	836		835 825
Dec	860		863 843

Turnover: 14296 (1131) lots of 10 tonnes ICCO indicator prices (SDRs per tonne). Daily price for Dec.31 731.30 (730.15) 10 day average for Dec 30 732.71 (732.72)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	996	1001	1015 995
Mar	1012	1023	1032 1005
May	993	1004	1013 986
Jul	985	996	1006 980
Sep	982		1015 981
Nov	[illegible]		1029 986

Turnover:2637 (1501) lots of 5 tonnes ICO indicator prices (US cents per pound) for Dec.31: Comp. daily 64.16 (63.15) 15 day average 64.76 (64.73)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	64.5	63.7	[illegible]
May	72.0	70.5	71.0

Turnover 43 (0) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	156.50		156.50
Jun	146.50		146.50

Turnover 30 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jan	1314	1306	1314 1313
BFI	1398	1373	

Turnover 5 (66)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	136.50	136.20	137.75 136.50
Mar	136.40		139.10 137.75
May	140.40	141.00	141.10 140.25
Nov	109.90		109.90

Barley	Close	Previous	High/Low
Jan	131.75	132.00	131.75
Mar	134.00	134.50	135.00 134.00

Turnover: Wheat 119 (4). Barley 76 (5). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	104.0	105.0	103.5
Jun	105.0		105.5

Turnover:2 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 22,155 lots
Cash	1236-7	1227-8	1230.5	1230-0.5		
3 months	1259.5-60	1260-1	1262/1252.5	1253-3.5	1262-3	179,223 lots
Copper, Grade A (£ per tonne)						Total daily turnover 53,141 lots
Cash	1580-1.5	1520.5-1.5	1530	1530-1		
3 months	1577.5-8	1537.5-8.5	1578.5/1545	1544-5	1578-9	142,180 lots
Lead (£ per tonne)						Total daily turnover 4,732 lots
Cash	303-4	298-9	302.5/302	302-2.5		
3 months	313.5-4	308.5-9	314/310.5	312.5-3	315-6	22,366 lots
Nickel ($ per tonne)						Total daily turnover 11,179 lots
Cash	6165-70	5955-65	6070/6085	6067-72		
3 months	6230-40	6021-5	6240/6040	6160-5	6220-30	39,766 lots
Tin ($ per tonne)						Total daily turnover 2,283 lots
Cash	5935-40	5780-90	5920	5915-20		
3 months	6000-5	5840-50	6010/5880	5975-80	6000-10	8,880 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 13,244 lots
Cash	1087-8	1080-2	1060/1059.5	1059-9.5		
3 months	1085.5-6	1079-80	1089/1076	1079-9.5	1086-7	71,799 lots

LME Closing £/$ rate: SPOT: 1.5023 3 months: 1.4930 6 months: 1.4774 9 months: 1.4659

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.00-329.30	
Opening	331.90-332.20	
Morning fix	329.40	218.016
Afternoon fix	328.25	219.199
Day's high	332.00-332.30	
Day's low	327.50-327.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.23	6 months	1.97
2 months	1.33	12 months	2.38
3 months	1.44		

Silver fix	p/troy oz	US cts equiv
Spot	243.20	365.00
3 months	247.35	368.95
6 months	251.10	372.60
12 months	258.70	379.75

GOLD COINS

	$ price	£ equivalent
Krugerrand	326.50-329.30	218.00-220.00
Maple leaf	338.20-340.45	-
New Sovereign	78.50-80.50	52.00-55.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1225	35	69	11	23
1250	21	54	22	32
1275	11	41	37	44

Copper (Grade A)	Calls		Puts	
2250	108	121	5	23
2300	65	87	14	38
2350	35	60	33	61

Coffee	Mar	May	Mar	May
950	69	77	7	34
1000	35	50	23	57
1050	15	33	53	90

Cocoa	Mar	May	Mar	May
700	24	46	21	28
725	15	33	37	40
750	8	25	55	57

Brent Crude	Feb	Mar	Feb	Mar
1800	24	54	20	
1850	5	29	53	
1900	2	18	102	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	328.1	332.6	0	0
Feb	328.4	333.1	329.4	328.5
Mar	328.9	333.6	0	0
Apr	329.5	334.2	330.6	327.0
Jun	330.8	335.6	332.2	328.0
Aug	332.2	337.1	332.8	331.8
Oct	333.7	338.7	0	0
Dec	335.3	340.4	336.0	336.1
Feb	337.3	342.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	363.5	367.2	364.0	364.0
Feb	364.4	368.1	[illegible]	364.0
Mar	365.3	369.0	366.5	363.0
May	368.0	371.7	369.0	368.0
Jul	370.5	374.3	372.0	368.0
Sep	373.2	377.1	373.5	373.5
Dec	377.8	381.6	378.5	375.5
Jan	378.7	382.7	0	0
Mar	382.6	386.6	383.5	382.0
May	386.1	390.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	105.40	102.60	105.60	104.05
Feb	106.00	103.20	0	0
Mar	105.40	103.60	107.10	104.40
Apr	105.50	103.80	0	0
May	105.60	103.95	107.15	104.65
Jun	105.70	104.10	0	0
Jul	105.80	104.20	107.30	104.90
Aug	105.90	104.35	0	0
Sep	107.00	104.45	107.20	105.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	19.11	19.50	19.49	19.08
Mar	19.25	19.61	19.60	19.23
Apr	19.36	19.69	19.65	19.36
May	19.47	19.74	19.69	19.46
Jun	19.51	19.76	19.72	19.52
Jul	19.62	19.77	19.72	19.57
Aug	19.57	19.78	19.75	19.55
Sep	19.65	19.80	19.75	19.65
Oct	19.74	19.81	19.74	19.74
Nov	19.65	19.61	19.70	19.65

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	55.30	57.21	56.90	55.25
Mar	55.35	56.87	56.55	55.30
Apr	54.80	56.00	55.80	54.70
May	53.90	54.88	54.55	53.90
Jun	53.80	[illegible]	54.10	53.60
Jul	53.80	54.60	54.40	53.60
Aug	54.80	55.15	54.90	54.60
Sep	55.75	56.25	55.95	55.80
Oct	56.95	57.15	57.00	56.95
Nov	57.70	58.00	57.70	57.70

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	930	938	950	925
May	959	966	977	955
Jul	979	990	998	978
Sep	1004	1005	1017	1010
Dec	1037	1044	1054	1040
Mar	1070	1076	0	0
May	1090	1096	0	0
Jul	1112	1118	1120	1117
Sep	1135	1144	1150	1135
Dec	1160	0	1175	1160

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	74.80	77.55	78.25	74.30
May	79.15	81.70	82.20	78.95
Jul	80.40	83.35	83.50	80.70
Sep	81.75	84.50	84.60	81.55
Dec	83.75	86.10	86.20	83.60
Mar	85.50	87.55	0	0
May	86.50	88.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.29	8.41	8.38	8.25
May	8.42	8.51	8.48	8.39
Jul	8.51	8.57	8.54	8.49
Oct	8.52	8.59	8.57	8.51
Mar	8.65	8.70	8.67	8.64
May	8.74	8.80	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	58.42	58.86	58.95	58.08
May	59.62	59.85	59.90	59.20
Jul	60.60	60.85	61.05	60.25
Oct	59.85	59.85	60.00	59.75
Dec	59.02	59.00	59.20	58.75
Mar	59.80	59.85	60.00	60.00
May	60.55	60.35	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	81.25	87.00	82.50	80.90
Mar	85.20	90.90	86.50	83.50
May	88.50	[illegible]	89.00	86.50
Jul	89.35	94.30	90.30	89.30
Sep	90.05	94.75	90.50	89.75
Nov	90.05	94.60	92.50	91.00
Jan	91.05	96.05	93.00	92.00
Mar	91.05	96.05	95.00	91.05
May	91.05	96.05	0	0

INDICES

REUTERS (Base September 18 1931 = 100)

Jan 4	Dec 31	mnth ago	yr ago
1705.7	1697.4	1669.2	1584.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 31	Dec 30	mnth ago	yr ago
Spot	121.29	121.22	121.17	110.06
Futures	122.52	121.91	119.70	120.21

Chicago

SOYABEANS 5,000 bu min: cents/60lb bushel

	Close	Previous	High/Low	
Jan	562/4	566/6	567/2	562/2
Mar	568/0	574/2	572/0	567/4
May	574/4	580/4	578/4	574/0
Jul	581/2	587/2	586/4	580/4
Aug	583/0	589/0	587/4	580/0
Sep	583/0	589/0	587/4	583/0
Nov	587/6	592/6	591/2	587/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.49	20.47	20.53	20.30
Mar	20.73	20.69	20.77	20.50
May	[illegible]	20.85	20.94	20.70
Jul	21.12	21.09	21.12	20.89
Aug	21.15	21.12	21.15	20.95
Sep	21.20	21.12	21.20	21.20
Oct	21.17	21.12	0	0
Dec	21.22	21.10	21.22	21.05

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	184.8	187.4	186.8	184.2
Mar	182.4	185.2	184.7	182.0
May	182.2	184.9	184.5	182.0
Jul	184.0	186.6	186.3	183.9
Aug	184.8	187.7	186.6	184.8
Sep	185.8	188.5	188.3	185.8
Oct	187.3	190.2	189.0	187.0
Dec	189.5	192.2	191.7	189.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	215/6	216/4	216/4	215/4
May	223/2	223/6	224/0	223/0
Jul	229/0	229/4	229/4	228/6
Sep	233/6	234/0	234/2	233/4
Dec	238/6	239/4	239/4	238/6
Mar	245/6	246/2	246/0	245/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	361/2	353/6	362/0	353/0
May	341/4	338/2	343/0	338/0
Jul	319/0	316/2	320/0	316/0
Sep	324/0	323/0	324/4	322/4
Dec	334/2	331/4	334/6	332/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	77.600	77.125	77.825	77.050
Apr	76.900	76.675	77.150	76.550
Jun	73.175	73.000	73.275	72.850
Aug	70.850	70.875	71.050	70.800
Oct	71.200	71.150	71.325	71.200
Dec	71.800	71.850	71.975	71.800

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	43.650	43.625	44.200	43.600
Apr	42.350	42.400	42.850	42.300
Jun	47.250	47.100	47.550	47.150
Jul	46.775	46.725	47.175	46.775
Aug	45.500	45.350	45.650	45.450
Oct	41.525	41.600	41.600	41.450
Dec	42.850	42.900	42.900	42.800

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.825	37.750	38.600	37.700
Mar	38.125	37.975	38.800	38.000
May	39.275	39.350	40.000	39.150
Jul	39.900	39.700	40.250	39.650
Aug	38.400	37.950	39.100	38.250

Record close after an erratic session

By Terry Byland,
UK Stock Market Editor

INTEREST RATE optimism returned to encourage the London stock market on its first trading day of 1993, taking the FT-SE Index ahead to a new all-time high, but only towards the close of an erratic session. Dollar strength helped the blue chips while pressure on the French franc appeared to increase the likelihood of interest rate cuts across the ERM countries, thus opening the way for the widely-predicted cut in UK rates.

The final reading put the FT-SE Index at 2,861.5, up 15 points on the day to a new closing peak, which followed a trading record of 2,867.9 reached at mid-afternoon. But the morning session saw the Footsie down by more than 16 points in the face of weakening prices for UK government bonds.

Dollar strength was broadly helpful across the range of international stocks but suggestions of demand for stock index futures was not borne out by trading specialists. Interest rate hopes, on the other hand, spurred the second line stocks ahead again vigorously, taking the FT-SE Mid 250 Index ahead by around 1.2 per cent to a fresh peak of 2,862.9. Increased demand for the Mid 250 second line issues is believed by many analysts to provide the clearest evidence to date of a genuine revival in confidence in the stock market and in the wider economy.

Seaq trading volume jumped to 606.6m shares, still on the low side despite comparison with the 228.9m shares traded on New Year's Eve, when retail value, the true measure of equity market activity, reached only £383.6m, barely one third of normal levels.

Initial weakness in equities reflected warnings from some market strategists that the stock market rally could be challenged by rights issues as well as by increased government funding. Nervousness was also fuelled by the falls in government bonds and by perceptions that Mr John Major, the UK prime minister, had in a television interview expressed somewhat cautious views on the inflationary outlook in the UK.

Market strategists remained optimistic towards the outlook for UK equities for this year although several expressed relative caution over the short term. Hoare Govett, the UK securities house, saw a "muted recovery" in the British economy, with a fall in base rates to 5 per cent providing a boost for equities by the second half of 1993.

At Nikko, Mr Peter Thorne forecast a Footsie at 2,900 by March and 3,000 by the end of the year, regarding possible weakness in gilts as the main danger to UK equities. On a global view, Nomura Research Institute Europe calls for an aggressibve shift into equities with UK and Japan leading the way higher in the near term.

Store and retail issues hung fire yesterday, awaiting details of the suggested buoyancy in Christmas trading. Some strategists believed that it was too early for any response from consumer spending levels to any economic improvement prompted by the devaluation of sterling.

Overall, however, traders doubted whether yesterday's session reflected a return to full trading in the stock market. The Scottish funds, in particular, were thinly-manned as a slow return was made from the New Year holiday, and the stock index futures market played a more subdued role than in recent sessions.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	2	500	+5
ASDA Group	9,900	59½	+3½
Abbey National	4,600	382	+2½
Albert Fisher	632	58	+3
Allied-Lyons	1,200	645	+2
Amstrad	538	23	
Anglian Water	1,200	481	
Argos	1,100	285	+2
Argyll Group	3,800	383	
Arjo Wiggins	1,100	154	+2½
Ass. Brit. Foods	245	508	
Ass. Brit. Ports	57	387	-5
BAA	1,100	785	-3
BAT Inds.	200	881	-2
BET	3,300	98	+8
BICC	1,800	380	+7
BOC	1,100	701	-5
BP	3,800	246	-2½
BPB Inds.	775	189	+4
BT	7,100	403½	
BT New	1,500	209	-½
BTR	3,800	583	+3
Bank of Scotland	770	127	+1½
Barclays	3,400	389	+7½
Bass	1,800	645	+10
Berisford Int.	8,600	25¼	+3½
Blue Circle	2,100	211	+12
Booker	962	381	+14
Boots	3,300	560	-2
Bowater	885	481	-4
Brit. Aerospace	3,300	175	+10
British Airways	1,500	300	-½
British Gas	5,300	292½	+1
British Land	138	198	+½
British Steel	4,700	45½	-2
Bunzl	333	121	+2
Burmah Castrol	234	739	+2
Burton	3,400	74	+2½
Cable & Wire.	1,000	714	+15
Cadbury Schweppes	2,600	452	+8
Calor Group	60	231	[illegible]
Carlton Comms	1,300	778	+10
Coats Viyella	238	224	-1
Comm Union	821	632	+11
Cookson	1,900	199	+4
Courtaulds	950	598	+4
Dalgety	55	478	+1
De La Rue	483	857	-4
Dixons	1,600	264	+5
Eastern Elec.	380	428	+4
East Midland Elect.	311	440	+10
Eng China Clays	857	453	-4
Enterprise Oil	140	446	+5
Eurotunnel Units	59	397	-2
FKI	972	109	
Fisons	5,000	245	
Forte	3,400	186	+7
Gen. Accident	[illegible]	581	+10
General Elect.	4,500	287½	+1½
Glaxo	3,200	799	+6
Glynwed Int.	129	261	+4
Granada	2,100	385	-6
Grand Met.	8,500	459	+1½
GUS A	784	1728	+18
GRE	3,200	167	+1
GKN	[illegible]	464	[illegible]
Guinness	3,100	542	-4
HSBC (75p shs)	4,000	591	+8½
Hammerson 'A'	312	278	+7
Hanson	8,100	237½	+4
Hanson Warrants	4,700	22	+1½
Harrisons Crosfield	946	154	+5
Hillsdown	3,700	145	+10
IMI	138	271	+6
ICI	1,200	1070	+11
Inchcape	447	570	+1½
Kingfisher	1,100	586	+5
Kwik Save	575	778	+5
Ladbroke	1,900	187	+4
Land Securities	531	444	-4
Laporte	391	640	+2
Legal & General	2,700	434	+30
Lloyds Abbey	916	424	+5
Lloyds Bank	2,000	546	+11
LASMO	4,900	167	+9
London Elect.	776	481	+14
Lonrho	1,100	73	+2½
Lucas	3,100	131	-1
MB Caradon	785	315	+8
MEPC	222	328	-1
Manweb	223	588	+12
Marks & Spencer	3,200	325	-4½
Midlands Elect.	1,200	481	+8
NFC	499	270	-½
NatWest Bank	4,200	412	+7½
National Power	[illegible]	282½	-3½
Next	2,300	148½	+1½
North West Water	1,100	427	+5
[illegible]	[illegible]	[illegible]	[illegible]
Rothmans	398	649	-3
Ryl Bk Scotland	4,800	210	+4½
Royal Insurance	[illegible]	277	+8
Saatchi	[illegible]	165	+3
Sainsbury	3,000	574	+10
Scottish & New	932	488	-7½
Scot. Hydro-Elect.	323	257½	-7½
Scottish Power	826	243	-7½
Sears	11,600	96	-1½
Sedgwick	1,100	177	+9
Seeboard	690	471	+3½
Severn Trent Water	582	483	+1
Shell Transport	4,400	558	-4½
Siebe	992	445	+5
Slough Ests	61	148	
Smith (W.H.) A	371	463	-5
Smith & Nephew	9,800	163½	+½
SmKl Beecham	2,700	598	+10
SmKl Beecham Uts	1,900	464	+1
Smiths Inds	385	371	+10
Southern Elect.	322	446	+6½
South Wales Elect.	388	585	+½
South West Water	1,500	487	-3
South West Elect.	213	423	+7
[illegible]	[illegible]	[illegible]	[illegible]
Vodafone	794	490	+6½
Warburg (SG)	30	697	+4
Wellcome	1,200	979	+12
Welsh Water	278	529	-2
Wessex Water	388	588	-1½
Whitbread 'A'	2,100	481	-5
Williams Hldgs	540	328	+6
Willis Corroon	288	192	+3
Wimpey	832	115	+1
Wolseley	20	357	
Yorkshire Elect.	88	488	+5
Yorkshire Water	168	528	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

New year gain for Wellcome

DRUGS group Wellcome attracted support, partly in reaction to a clinical study favourable to Retrovir, the company's Aids treatment. The shares rose 12 to 979p

Yesterday was the first day that investment funds which took responsibility for the Wellcome Trust's portfolio on January 1 were able to deal. The portfolio has been spread among blue chip stocks following the Trust's massive sale of Wellcome shares during the summer.

There was talk among market traders and professionals that one of the funds had adjusted its share of the portfolio and that the movement of two large buy programmes through the market was responsible for turning the FT-SE 100 index around. Dealers said UBS Phillips & Drew was consistently on the bid. Phillips & Drew Fund management is one of the portfolio handlers appointed in October. Wellcome sources said it was too early for any significant position-taking and most of the money raised by the flotation had been invested in equities before Black Wednesday on September 16.

Owners Abroad strong

Market hints that a predator may be about to pounce on Owners Abroad, the package tours holiday group, before Owners' shareholders vote at this Friday's extraordinary general meeting, saw the company's shares outpace a very firm leisure sector.

At the close Owners Abroad were 11 higher at 107½p after some aggressive buying interest which boosted turnover in the stock to an unusually busy 3.8m shares.

Owners has been surrounded by takeover bid stories since the middle of last year with Airtours, another of the most powerful tour operators in the UK, favourites to launch an offer. The speculation diminished, however, when LTU, the German company which controls the Thomas Cook travel group, said it would take a 10.3 per cent stake in Owners.

Although specialists expect Owners' shareholders to approve LTU's acquisition of shares, there could be a surprisingly high level of opposition to the move. Airtours is thought to have made a tentative approach to Owners Abroad last year. Airtours shares also made strong progress yesterday, helped by reports of strong summer holiday sales, closing 13 higher at 420p ex-dividend.

Glaxo active

Shares in pharmaceuticals group Glaxo reversed earlier weakness on news that the US Food and Drug Administration had approved the company's drug Zofran in oral form.

The FDA gave permission for Glaxo to market the oral form of Zofran, which prevents of nausea and vomiting associated with cancer chemotherapy. The injectable version has been available in the US since February 1991. The shares were lower in morning trade as US house Goldman Sachs said the recent rush of FDA approvals, which prompted a rise in share prices, provided a profit-taking opportunity in the sector.

Goldman said several UK drug companies are on overvalued ratings and will see pressure in coming months from news on drug pricing in Europe as well as a shift into "better perceived investment opportunities elsewhere in the economy". Glaxo closed 6 higher at 799 on active turnover of 3.2m shares.

News that Budgens, the supermarkets group, had appointed Morgan Grenfell as its merchant bank, replacing Lloyds Merchant Bank, was the trigger for a burst of takeover speculation in the food retailer's shares.

Dealers said there were suggestions around the market that Sir Ron Brierley may be about to put his near 27 per cent stake in Budgens up for sale and that a European predator was about to move in to buy the stake and launch a full takeover bid.

Budgens shares rose strongly to close a net 5 higher at 44p; at the beginning of December they were changing hands at 33p.

TSB was among the least impressive of the banks, the shares settling only 2½ firmer at 155p after BIFU, the banking and insurance industry union, ordered a one-day strike for Friday in protest at job losses at the bank. Insurance brokers performed well, reflecting the strength of the dollar. Sedgwick added 9 at 177p and Willis Corroon 3 at 192p.

The oil majors suffered from intermittent bouts of selling from New York. BP eased 2½ to 246p and Shell the same to 560p. Lasmo, on the other hand, responded to buy recommendations in the weekend Press, the shares racing up 9 to 167p.

Dealers adopted a much more relaxed view of the price initiative instigated last week by J.Sainsbury. But a general view was that the big retailers would probably indulge in a traditional bout of selective price cuts which would have only limited impact on profits.

Sainsbury shares rallied 10 to 574p on relatively thin turnover of 3m, while Tesco picked up 7 to 256p after a hefty 10m shares changed hands. Asda was a strong market and finally 3½ higher at 59½p on 9.9m traded.

Kwik Save was keenly bought and 5 up at 778p with some retailing specialists confident that Thursday's annual meeting could bring good news on trading.

Reports of buoyant holiday sales and the prospect of increased spending as consumers react to lower mortgage costs, was put forward as boosting the whole of the leisure sector.

First Leisure, the largest pure leisure company in the UK, advanced 13 to 351p with dealers said to be anticipating good results when the company announces preliminary figures a week tomorrow. Rank Organisation, set to report finals the following day, also made good progress moving up 10 to 698p.

P & O rose 14½ to 520p after its ferries subsidiary said it was closing the service between Dover and Boulogne to concentrate on the shorter Dover-Calais route. Analysts said the move showed the group was addressing problems on the cross channel routes which would now be more competitive against the Channel Tunnel.

News and information organisation Reuters saw its shares perform well with the help of an upgrade by US house Merrill Lynch. Merrill changed its recommendation on the stock to a strong buy from a buy and raised its 1993 profit forecast. The stock was principally boosted by buying from the US and closed 22 better at 1430p.

ICI improved 11 to 1070p after the pharmaceuticals and chemicals giant said it had completed the internal split, or hive-down, of the group into two separate organisations on January 1, as scheduled. Hive-down is the first step towards the planned demerger of Zeneca, the biosciences part of ICI, and ICI Plc, which will retain the chemicals rump of the existing group. The ICI board will consider full demerger in February in the light of prevailing economic and market conditions.

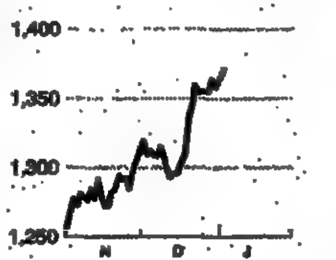
Long-standing takeover speculation continued to drive a number of the building industry stocks higher. Blue Circle jumped 12 to 211p, Pilkington 3 to 104p and Tarmac 3 to 108p. The last-named was also boosted by news of asset sales totalling £13m. Redland received a strong lift from news of disposals worth some £100m and the shares gained 16 to 423p.

Defence group British Aerospace was one of the strongest performers in the market. The shares jumped 10 to 175p after a Sunday newspaper prediction that the company would make profits of at least £100m in 1993. BAe was also included in a list of ten companies tipped by London investment firms as likely targets for takeover bids in the coming year.

MARKET REPORTERS:
Peter John,
Steve Thompson.

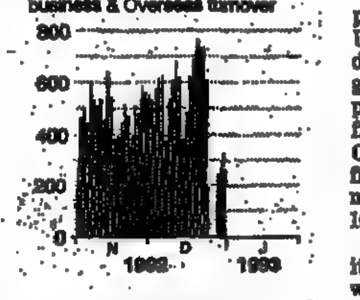
■ Other market statistics, Page 21

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (225).

OTHER FIXED INTEREST (1) Utd. Mex. States 16½pc '08, **AMERICANS** (8) Ameritech, Citicorp., Contl. Bank, Eaton, Echlin, Rockwell, Sears Roebuck, Southwestern Bell, Time Warner, **BANKS** (7) Abbey Natl., Bank Ireland, Lloyds, Natl Aust., Royal Bk Scot., Standard Chartd., TSB, **BREWERS** (1) Holt, **BLDG MATLS** (3) BPB, Kalon, Sheffield Instms., **BUSINESS SERVS** (4) Inchcape, Johnson Cleaners, Securiguard, Serco, **CHEMS** (6) BTR Nylex, Evode, Halstead, Porvair, Wardle Storeys, **CONGLOMERATES** (2) Hanson 9½pc Cv., MB Caradon 7¼pc Pf., **CONTG & CONSTRCN** (2) Bellway, Boot (H), **ELECTRICALS** (2) BICC, Denmans, **ELECTRICITY** (7) East Midlands, Eastern, Midlands, Northern, Norweb, South Western, Southern, **ELECTRONICS** (11) Astec, Bowthorpe, Domino Prntg., Eurotherm, Hoskyns, Linx, MMT, Micro Focus, Multitone, Telemetrix, Tunstall, **ENG AERO** (2) Smiths Inds., Westland, **ENG GEN** (6) Barry Wehmiller, Benson, Concentric, Fairey, Powerscreen, Protean, **FOOD MANUF** (5) Acatos & Hutcheson, Assoc. Brit. Foods, Barr (AG), Goodman Fielder Wattie, Usborne, **FOOD RETAILING** (2) Brake Bros., Park Food, **HEALTH & HSEHOLD** (6) Bespak, Intercare, ML Labs., Mayborn, Quality Care Homes, Seton, **HOTELS & LEIS** (4) City Rests., First Leis., Manchester Utd., Regal, **INSCE BROKERS** (1) Barry Birch, **INSCE COMPOSITE** (2) Aon, Travelers, **INSCE LIFE** (2) Refuge, Torchmark, **INV TRUSTS** (46) **MEDIA** (14) Carlton Comms., Central ITV, Daily Mail, Dorling Kindersley, Headline, Johnston Press, Metal Bulletin, News Corp., Portsm. & Sunderland, Reuters, Southnews, Trinity, Ulster TV, Utd. News., **MERCHANT BANKS** (1) Close Bros., **MTL & MTL FORMING** (1) Morris Ashby, **MISC** (10) Airsprung Furn., Aspen Comms., Black (P), Bluebird Toys, Cosalt, Danka, Frost, Norbain, Plantsbrook, Walker Greenbank, **MOTORS** (6) BBA, Do 6¾pc Cv. Pf., Bletchley, GKN, T & N, Trinity, **OIL & GAS** (5) British Gas, Burmah, Pittencrieff, Shell, Sidlaw, **OTHER FINCL** (11) Cattle's, Govett, Henderson Admn., Jupiter Tyndall, King & Shaxson, M & G, Mercury Asset. Mngmt., Prov. Fincl., Rathbone, Rutland, S & U, **OTHER INDLS** (9) BH Prop., BTR, Do Wts., Do Wts. '92/93, Do Wts. '94/95, McKechnie, Morgan Crucible, Scapa, Staveley, **PACKG, PAPER & PRINTG** (11) API, Bemrose, Capital Inds., Ferguson, Filofax, Jarvis Porter, Macfarlane, Microgen, Portals, St. Ives, Waddington, **PROP** (1) Savills, **STORES** (10) Betterware, Brown & Jackson, Burton, County Casuals, Courts, Fine Art, Kingfisher, Do 8½pc Cv. '00., Kleen-E-Ze, MFI, **TELE NETWORKS** (3) Cable & Wireless, Do 7pc Cv. '08, Securicor, Security Servs., Vodafone, **TEXTS** (3) Celestion, Claremont Garments, Shani, **TRANSPORT** (6) GATX, Mersey Docks, P & O 6¾pc Pf., Powell Duffryn, Tibbett & Britten, **WATER** (1) East Surrey, **MINES** (3) Kenmare, RTZ, Resolute Res.

NEW LOWS (13).

ELECTRONICS (1) Lynx, **ENG GEN** (3) Beaufort, Do 7p Cv Pf., Elliott (B), **INV TRUSTS** (1) Archimedes Inc., **PROP** (2) Derwent Valley, Ests. & Agency, **STORES** (1) Cantors, **MINES** (5) Anglo Amer. Gold, Blyvoor, Deelkraal, Motana Minerals, Welkom.

FINANCIAL TIMES EQUITY INDICES

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24	Year ago	High	Low
Ordinary share	2208.5	2185.2	2170.9	2178.0	2165.6	1866.0	2208.9	1670.0
Ord. div. yield	4.23	4.27	4.30	4.29	4.32	4.85	5.34	4.23
Earning yld % full	5.82	5.87	5.90	5.88	5.93	7.28	-	-
P/E ratio net	[illegible]	21.74	21.60	21.69	21.52	17.27	[illegible]	15.79
P/E ratio nil	20.26	20.08	19.96	20.01	19.86	16.29	-	-
Gold Mines	82.5	83.0	83.1	84.4	84.0	137.9	160.6	82.5

*for 1992/93. Ordinary share index since compilation: high 2208.9 4/1/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2168.5	2177.8	2186.9	2195.4	2197.0	2197.7	2204.1	2211.8	2209.2	2212.7	2177.5

Volumes	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24	Year ago
SEAQ Bargains	33,093	15,851	24,161	17,406	10,847	31,170
Equity Turnover(£m)†	-	383.5	797.4	636.1	422.1	948.60
Equity Bargains†	-	[illegible]	25,925	18,393	[illegible]	31,030
Shares traded (mil)†	-	265.0	[illegible]	247.1	195.4	363.2

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets made a subdued return from the New Year holiday, and stock index futures, in particular, failed to join the underlying stock market in its rise to new peaks, *writes Terry Byland.* The March contract on the FT-SE Index traded close to fair value, the premium which allows for financing and dividend flows.

It closed at a premium of 20 above the cash market, of which 15 was accounted for by estimates of fair value. At no time did the contract make any move to challenge its peak of 2,891, reached over the Christmas/New Year period. Trading volume, at 8,459 at the official close, indicated a modest day's business. Traders commented that many funds were still on the sidelines, and that stock index futures had been left to the locals, or independent traders. Strategists commented that the futures markets had been able to dominate the underlying stock market over the holiday period but that could well prove more difficult when the market returned to full-time working.

In traded options, however, trading was a more healthy 20,476 contracts compared with only 8,691 on New Year's Eve. Among individual stock contracts, Fisons headed the list with 1,234 contracts, followed by BP at 1,199, Asda at 1,075 and TSB at 1,094.

Also active was the Euro FT-SE contract, with 597 lots traded in a busy session.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2861.5 +15.0	2896.4 +33.5	1373.20 +9.41

	Jan 4	Days change %	Dec 31	Dec 30	Dec 29	year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2861.5	+0.5	2846.5	2832.5	2847.8	2493.2	6.51	4.25	19.34	2.44
FT-SE Mid 250	2996.4	+1.2	2862.9	2856.4	2861.3	2385.5	6.61	4.38	19.23	[illegible]
FT-SE-A 350	1397.7	+0.7	1388.6	1382.5	1388.9	1203.7	6.53	4.29	19.33	1.22
FT-SE SmallCap	1377.88	+1.0	1363.79	—	—	—	—	4.65	—	0.81
FT-SE SmallCap ex Inv Trusts	1380.05	+1.2	1363.79	-	—	—	6.60	4.92	21.35	0.83
FT-A ALL-SHARE	1373.20	+0.7	1363.79	1358.06	1363.97	1190.12	—	4.31	—	1.18
1 CAPITAL GOODS(211)	884.67	+1.0	875.84	872.26	873.55	747.91	6.36	4.86	20.58	1.00
2 Building Materials(27)	906.81	+2.0	889.03	886.33	887.66	902.82	5.63	5.95	25.29	0.30
3 Contracting, Construction(29)	746.86	+1.0	739.29	[illegible]	727.71	854.82	3.44	6.51	90.25	0.20
4 Electricals(14)	2587.00	+1.1	2559.13	2539.37	2529.07	2358.05	6.23	5.61	21.07	0.00
5 Electronics(35)	2360.26	+0.3	2354.29	2354.33	2370.17	1681.85	[illegible]	3.60	19.49	13.04
6 Engineering-Aerospace(7)	305.10	+2.9	296.57	295.85	296.38	322.36	11.63	7.69	[illegible]	0.00
7 Engineering-General(52)	520.44	+1.4	513.35	510.00	509.93	461.33	7.78	4.58	16.42	0.27
8 Metals and Metal Forming(11)	319.63	-1.0	322.95	321.45	322.07	[illegible]	5.46	4.13	26.66	0.14
9 Motors(18)	383.57	+1.8	376.76	372.57	[illegible]	294.71	[illegible]	6.11	28.67	0.00
10 Other Industrials(18)	2011.59	+0.6	1999.80	1993.62	1996.10	1519.67	[illegible]	4.22	19.64	0.39
21 CONSUMER GROUP(232)	1773.10	+0.7	1761.42	1751.67	[illegible]	1602.11	6.57	3.32	18.92	2.20
22 Brewers and Distillers(28)	2091.43	-0.4	2099.97	2097.14	2112.31	2029.13	7.96	3.63	15.21	10.09
25 Food Manufacturing(22)	1343.24	+1.0	1329.54	1323.35	1341.18	1242.47	7.84	3.88	15.35	0.04
26 Food Retailing(18)	2319.10	+1.8	3250.85	3267.72	[illegible]	2364.75	7.77	3.06	16.74	0.00
27 Health & Household(29)	4307.85	+0.8	4271.94	[illegible]	4201.63	4395.92	5.17	2.63	22.52	0.00
29 Hotels and Leisure(20)	1311.46	+1.4	1293.51	1277.29	1264.89	1223.86	6.43	5.25	20.54	6.19
30 Media(33)	1859.58	+1.5	[illegible]	1833.58	1839.81	1439.53	5.35	2.80	23.28	0.94
31 Packaging and Paper(23)	788.38	+0.5	784.64	785.46	790.69	727.84	6.62	4.12	18.75	0.00
34 Stores(39)	1165.69	-0.1	[illegible]	1162.22	1169.59	962.27	6.20	3.11	21.43	0.36
35 Textiles(20)	751.46	—	751.77	740.10	750.01	595.23	6.56	4.22	19.29	0.00
40 OTHER GROUPS(143)	[illegible]	+0.6	1445.34	1441.60	1444.88	[illegible]	8.47	4.78	14.54	1.21
41 Business Services(27)	1546.00	+1.2	1527.06	1522.66	1531.11	1379.61	[illegible]	3.33	21.31	0.04
42 Chemicals(24)	1439.35	+0.5	1432.45	[illegible]	1426.26	1413.43	6.38	5.09	[illegible]	0.20
43 Conglomerates(11)	1420.91	+2.0	1392.82	1371.35	[illegible]	1301.11	7.86	7.74	14.51	0.00
44 Transport(16)	2793.23	+0.6	2777.39	2780.39	2810.81	2364.30	8.04	4.26	14.94	1.04
45 Electricity(16)	[illegible]	+0.3	1581.39	[illegible]	1568.80	[illegible]	13.66	4.79	9.41	3.34
46 Telephone Networks(4)	1698.38	+0.5	1689.29	1684.89	1688.67	1407.65	7.85	4.03	16.57	1.66
47 Water(13)	3269.33	-0.2	3275.94	3282.43	3268.88	2181.17	13.97	5.42	7.95	11.83
48 Miscellaneous(32)	2489.06	—	2489.17	2493.70	2501.52	1792.19	5.77	4.13	21.45	0.12
49 INDUSTRIAL GROUP(588)	1450.90	+0.7	1440.84	1434.64	1441.37	1257.53	7.17	4.08	17.41	1.57
51 Oil & Gas(18)	2247.79	-0.2	[illegible]	2231.27	2237.08	2142.66	5.92	5.78	22.19	0.00
59 "500" SHARE INDEX(604)	1526.53	+0.6	1517.38	1510.01	1516.77	1336.71	7.04	4.25	17.80	1.49
61 FINANCIAL GROUP(89)	891.31	+1.4	879.08	878.60	882.30	721.73	—	4.93	—	0.08
62 Banks(9)	1217.78	+1.6	[illegible]	[illegible]	1197.92	847.34	5.01	4.58	30.05	0.00
65 Insurance (Life)(6)	1789.78	+1.1	1770.52	1791.31	1810.13	1480.76	—	5.08	—	0.00
66 Insurance (Composite)(7)	642.56	+1.8	[illegible]	635.79	638.50	533.45	—	4.69	—	0.00
67 Insurance Brokers(10)	794.26	+2.0	778.33	773.87	776.21	967.39	7.81	6.72	17.21	0.00
68 Merchant Banks(6)	511.14	+1.4	504.29	503.24	[illegible]	453.41	—	4.47	—	0.00
69 Property(28)	641.68	-0.2	643.22	643.96	646.85	783.84	8.74	6.60	14.81	0.62
70 Other Financial(23)	307.67	+1.4	[illegible]	302.18	301.58	234.75	7.04	5.51	18.69	0.05
71 Investment Trusts(107)	1340.06	-0.1	1341.00	1338.18	1339.38	1174.85	—	3.14	—	1.56
99 FT-A ALL-SHARE(800)	1373.20	+0.7	1363.79	1358.06	1363.97	1190.12	—	4.31	—	1.18

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2841.8	2830.4	2839.7	2846.1	2847.2	2848.5	2857.5	2865.7	2860.5	2867.9	2830.3
FT-SE Mid 250	2854.3	2860.9	2864.3	2870.5	2876.8	2877.5	2880.7	2892.1	2895.1	2896.4	2850.4
FT-SE-A 350	1386.9	1382.1	1386.1	1389.2	1390.2	1390.8	1394.6	1398.9	1397.2	1399.7	1382.1

Gross dividend yield (ACT at 25%) FT-SE 100 4.25%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrctn	1453.2	1472.3	[illegible]	1478.2	1479.9	1482.3	[illegible]	1492.8	1494.6	1494.6	1477.5	+17.1
Health&H	1292.0	1287.0	1293.2	1294.7	1291.2	1292.6	1295.3	[illegible]	1300.1	1302.9	1292.1	+10.8
Water	1348.8	1342.4	1344.1	1345.5	1345.4	1345.0	1347.1	1350.3	1352.0	1352.0	1354.8	[illegible]
Banks	1455.2	1447.5	1450.9	1460.0	1464.5	1465.1	[illegible]	[illegible]	1480.8	1479.4	1457.1	+22.3

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1992. © The Financial Times Limited 1992. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500".

Account Dealing Dates			
*First Dealings:	Dec 14	Jan 4	Jan 18
Option Declarations:	Dec 30	Jan 14	Jan 28
Last Dealings:	Dec 31	Jan 15	Jan 29
Account Day:	Jan 11	Jan 25	Feb 8

*New time dealings may take place from 8.30am two business days earlier.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12¼pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.12	[illegible]
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¼pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¼pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	12.46	[illegible]
Treas 10pc Ln 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12¼pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.51	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 3pc Gas 90-95		94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.32	[illegible]
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9pc 1992-96‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.22	[illegible]
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¾pc '97 ‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years							
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	11.61	7.60
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.43
Treas 7¼pc 1998 (£25 pd)		[illegible]	[illegible]	[illegible]	[illegible]	7.24	7.20
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	6.81	7.26
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.40	7.82
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.85
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.71	7.58
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	10.34	7.94
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.32	7.70
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	9.06	7.73
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	8.42	7.73
Treas 13pc 2000		[illegible]	[illegible]	[illegible]	[illegible]	10.39	8.27
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	9.01	8.12

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
14pc '98-1		[illegible]	[illegible]	[illegible]	[illegible]	11.09	7.92
9¾pc 2002		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years							
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated							
Consols 4pc		44⅞xd	-⅛	48⅛	39⅞	8.91	-
War Loan 3½pc‡‡		39¼	-⅛	40⅝	35⅛	8.88	-
Conv 3½pc '61 Aft.		62⅛	—	60⅞	59	5.64	-
Treas 3pc '66 Aft.		34½	-⅛	35	29¾	8.70	-
Consols 2½pc		28⅞xd	-⅛	28⅞	24⅛	8.63	-
Treas. 2½pc		28⅛	+⅛	29	24⅛	8.82	-

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992/93 high	low	Yield (1)	(2)
Index-Linked	(b)						
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1992: 138.8 and for November 1992: 139.7.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992/93 high	low	Yield Int.	Red.
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.00
B'ham 11½pc 2012		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.70
Ireland Cap 8½pc '10		[illegible]	-⅛	103	88½	[illegible]	-
9pc Cap 1996		100⅜	-1	105½	90	8.98	-
13pc '97-2		114½	-1½	119⅝	103⅞	11.38	-
Hydro Quebec 15pc 2011		140⅞	-⅛	141⅛	130⅞	10.69	10.12
Leeds 13½pc 2006		129	-⅛	129½	116⅛	10.47	9.88
Liverpool 3½pc Irred		34½	-½	36	30	10.14	-
LCC 3pc '20 Aft.		31	+½	32	27	[illegible]	-
Manchester 11½pc 2007		[illegible]	-⅛	119	103⅞	[illegible]	9.50
Met. Wtr. 3pc 'B'		64	-½	64½	53	4.69	8.18
N'wide Anglia 3¾pc 2021		118½	+½	121	103¾	-	8.01
4¼pc IL 2024		118½	-½	118¾	103¼	-	4.96
Utd Mex States 16½pc 2008		133	+¼	133	121½	12.41	12.18

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		20⅛xd	–⅛	21¼	14⅝	16,843	1.9
Allegheny & W	♥	433p	—	454p	226p	225.0	4.4
Amdahl		494p	+13	1159p	438p	543.5	1.3
Amer Cyanamid		39½	+⅛	39½	28⅝	3,471	2.7
Amer Express		16½xd	–⅛	16½	10¼	7,887	3.9
Amer T & T		33⅞xd	–⅛	34½	20⅛	45,050	2.5
Ameritech		47½	+1	47½	32½	26,797	4.9
BankAmerica		30⅞xd	–⅜	31⅛	19⅛	10,638	2.7
Bankers NY		45½xd	+⅞	46⅛	28⅝	3,651	4.3
Bell Atlantic		34⅛	+⅛	34⅝	23⅛	14,788	4.8
BellSouth		35	+	35⅛	25	17,276	5.0
Bethlehem Steel	♥	10⅝xd	+⅛	10⅞	5⅛	961.1	–
Bowater		1611pxd	+32	1637p	905p	903.8	4.7
CPC		33⅝xd	—	34	22⅝	5,093	2.2
Cadiz Land Inc	♥	110p	—	342p	108p	–	–
California Engy		1086p	—	1086p	591p	197.7	–
Chase Manhattan		18⅞xd	–⅛	19½	9⅛	2,827	4.0
Chrysler		21⅛xd	–⅞	21⅞	8⅛	6,222	1.8
Citicorp		14⅛xd	+½	14⅛	5⅛	5,364	–
Colgate-Palm		37xd	—	43⅛	25⅛	5,898	2.1
Cont'l Bank		1444p	+31	1444p	499p	1,469	2.6
Dana		31⅞xd	–⅞	31⅝	14⅞	1,430	3.2
Data General		776p	+24	1004p	384p	214.1	–
Decora Inds	♥	148p	—	148p	66p	–	–
Dun & Brad		38½	—	38⅝	27⅝	6,869	3.7
Eaton		54½	+2	54½	32½	1,881	2.5
Ecolab		15½xd	+⅛	15½	7⅞	888.4	2.8
FPL		24⅛xd	–⅜	24⅛	17⅞	4,371	6.6
Fluor		27⅛xd	+⅞	30⅛	19⅛	2,295	1.1
Ford Motor		28⅛xd	–⅛	28⅛	15	13,884	2.2

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1992/93 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	183½xd	+½	188	147	3.4	223.2	17.8
Warrants	40	—	48	21	–	–	–
Scot Mortgage	182	—	184	135	2.8	214.8	15.2
Scot National Inc	88	—	107	65¾	12.4	–	–
Cap	29	-1	42	12½	–	51.3	59.1
Stepped Pf	153	+½	156½	126	5.3	–	–
Zero Div Pf	209½	+1	209½	168½	–	–	–
Warrants	5	—	9	3	–	–	–
Scot Value	72	+1	72½	48	–	–	–
Sec Alliance	1428	-2	1433	1066	3.3	70.6	-2.0
Second Market	256	—	258	222	3.4	1567.3	8.9
Sec Tst Scot	76½	—	77½	61	8.8	289.1	14.6
Select Assets	111	+1½	111	78½	6.7	80.8	5.3
Eq Ind Sest	130	—	139	106	1.1	159.9	30.8
Eq Ind Serf	130	—	130	106	4.4	–	–
SHIRESCOT	105	—	105	96	4.4	–	–
Shires	234	—	249	188	–	106.2	1.7
11pc Cv Ln '03/04	£117½	—	£119½	£95½	10.6	230.4	-1.6
Siam Select	97	—	103	68	9.4	–	–
Warrants	15	—	21	10	0.3	137.8	29.6
Smaller Cos	78	—	89	66	–	–	–
Warrants	14	—	20	10	4.3	85.1	8.9
Sphere Inc	14	—	20	9½	–	–	–
Zero Div Pf	81	+½	81	63¾	29.5	24.1	44.2
Summit	38	-1	65	30	–	–	–
TR City of Lon	130¼	+1	130¼	97½	4.4	93.1	58.7
TR Euro Growth	78	—	90	70	4.9	125.3	-3.9
Pig Sub	31	—	54	30	2.3	99.1	21.3
TR Far East Inc	114	+1	115	78	5.8	–	–
Warrants	22½	+½	23	12	5.3	121.7	6.7
TR High Inc	109xd	+½	111	91	–	–	–
Sub	25	—	35	21	7.5	107.5	1.9
TR Pacific	113	—	113	70	8.0	–	–
TR Prop	17¼	—	27	14½	0.3	114.7	1.5

MERCHANT BANKS

Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Barings 8pc Cm 2nd Prf	94	—	101	83½	11.8	11.3
9¾pc Non-Cum Prf	114½	+½	125	103¼	45.8	11.4
Close Bros	275	+25	278	205	185.8	4.8
Hambros	249	+6	282	202	431.5	7.4
7½pc Cv Pf	113½	+2	116	91½	170.3	8.8
Joseph (L)	325	+10	333	308	17.1	6.5
Kleinwort Benson	322	—	324	[illegible]	420.9	6.8
Rea Bros	39	—	39	25	15.3	1.7
Schroders	1355	+20	1385	1043	880.2	1.8
N/V	1153	+20	1168	883	168.3	2.1
Singer & Fried	48	—	50	34	92.3	8.9
Warburg (SG)	587	+4	605	403	1,188	4.2
6pc Cv Pf	187	-½	204	137	43.8	4.1
Wintrust	198	—	253	188	[illegible]	6.5

METALS & METAL FORMING

Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
ASW	82	—	105	50	55.6	‡
Apollo Metals	86	+1	147	73	18.0	5.4
Ash & Lacy	144	+1	168	123	38.2	5.9
Barrett (H)	79	—	46	7	3.04	‡
Billam (J)	129	—	144	84	2.89	4.4
Brit Steel	65½	-2	88	43½	1,118	2.4
CI	[illegible]	+1	35	12	16.4	14.4
Castings	163	+4	185	118	34.8	3.3
Chamber & Hill	113	—	140	90	8.28	7.1
Cohen (A)	400	—	400	255	7.42	‡
Cook (Wm)	120	—	335	88	26.3	‡

INVESTMENT COMPANIES

MEDIA

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	157.3	159.0	167.4	+0.18	0.00
AIB Grofund Equity	5	204.9	207.9	220.0	+0.10	1.40
AIB Grofund Euro.	5	146.3	148.7	156.5	-0.50	0.40
AIB Sec Eqt Balanced	3	101.00	103.93	107.14		0.00
AIB Grofund Gilt	3	73.10	73.12	77.44	-0.30	5.01
AIB Grofund Japan	5	125.1	127.3	134.0	[illegible]	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H

Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	407.5	[illegible]	[illegible]	+2.8	2.63
General Acc	5	[illegible]	[illegible]	474.7	+3.0	2.63
UK Growth Inc	6	214.7	217.9	231.9	[illegible]	[illegible]
Europe	6	198.5	[illegible]	211.2	-1.2	1.34

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible] (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible] Tel: 071 - 379 - 0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Sharp (Albert E.) & Co (1000)F

Admin: 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European	5	100 00	100 00	105 00		
Intl Bond & Conv	5	119 20	119.50	125 80	+0.30	5 87
Pooled Pensions ‡	7	146 0	149 0	160 2		-
Smaller Cos	5	55.96	57 76	60.80	+0 47	2 40
UK General	5	114 80	116 60	122 70	-0 40	2.81

Sheppards Unit Trust Mngmt Ltd (1200)F

1 White Hart Yard, London Bridge SE1 071 407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	375.72	375.72	398 26	+1 17	5 18
Global Inc	5	53 69	53 69	56 91	[illegible]	[illegible]
Brit Leaders	5	315 98	315.98	334 94	+0 98	3 05
Intl Leaders	5	174.47	174 47	184 94	+1 44	1.77
†Am Man Bal Gwth Acc ▼	3½	50.30	51.61	53 62	+0 06	3 17
†Am Man Bal Gwth Inc ▼	3½	50 30	51 61	53.62	+0 06	3.17

Singer & Friedlander UT Mgmt Ltd (1000)F

PO Box 224, Beckenham, BR3 4TF 081-663 3003

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	47.69	47.77	50 81	+0 08	1.65
Far Eastern Tst	6	52.10	52.83	56 20	+0 25	0.88
Smaller Cos	5	124 8	129 0xd	138 0	--	3 06

Smith & Williamson Unit Tst Mgrs (1600)F

1 Riding House St, London W1A 3AS 071-637 5377

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American ‡	5	269.7	270 4xd	286.1	+0.5	[illegible]
S & W Capital	5	110 6	110.6	118.3	[illegible]	[illegible]
S & W Cash	0	101 78	101 78	101 78	..	1.97
S & W European	5	107 0	107 2	113 4	+0 01	[illegible]
S & W Far Eastern	5	108 0	109.2	115 4	[illegible]	[illegible]
S & W Growth	5	118 4	119 6	126.5		0.00
S & W Income	5	103 6	104 8	110 8	+0.5	1.55
S & W Magnum	5	116 6	116.6	124 9	..	5 58
S & W Smllr Secs	5	268 2	274 4	290 3	+1 3	1 90
S & W Thoroughbred	5	134.5	134 5xd	144.1	-0.1	0 79

Societe Generale Touche Remnant (1200)F

Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	79.48	79 49	85 00	(z)	0

Whittingdale Unit Tst Mgmt Ltd (0830)F

2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2½	88.80	88 80	90.89	+0 34	0 00
Short Dtd Gilt	1½	107 0	107 0	108.4	-0 20	3 57
U.S. Govmnt Bond	1½	0 7036	0.7036	0 7129	[illegible]	0 00
Gilt Income	4	50 83	50 83xd	52.89	-0 15	8.69
Gilt Growth	4	63.23	63.23xd	65 81	-0 13	0.00
City Reserve	0	51.84	51.84xd	51.85	-3.60	6.92

Woolwich Unit Trust Managers Ltd (1700)H

1 White Oak Square, Swanley BR8 7AG 0705 388046

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd F	5	64 88	65.13	69 28	+0.43	2.21

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Int'l Expt Dec 31	648 1	669.3	+21 8	1 04

Baring Investment Mngmt Ltd

155 Bishopsgate, London EC2M 3XY
071 214 1050 (general enquiries) 071 214 1804 (dealing)

Charitable Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Growth & Income	52 40	54 25	...	4 8
Income Plus	48 94	49 94	...	7.5

James Capel Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
European Exempt	£100 987	101.603	-0 494	1.77
Japanese Exempt	£104 491	105 986	+0 741	-
Managed Exempt	£124 95	132xd	-1.531	3 71
North American Exempt	£100 029	102.497	+0.792	1 18
Pacific Exempt	£99.3939	102.102	+0 037	-

Cent. Bd. of Fin. of Church of Englands

2 Fore Street, London EC2Y 5AQ

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128

Prolific Life & Pensions Ltd

Sunmoegate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd.	651.7	693.4	-1.2	-
Adventurous Mngd	156.0	166.0	+0.6	-
Cautious Mngd.	123.4	131.3	+0.5	-
Cash Fd.	315.7	332.7	..	-
Property Fund	216.1	229.9	..	-
Equity Fund	742.0	789.4	+1.9	-
Fxd. Int. Fund	398.7	420.2	+0.4	-
International	338.4	349.4	-1.5	-
High Income	581.0	618.1	-1.7	-
Far East	426.9	454.2	+0.6	-
North American	443.4	471.8	+2.6	-
Special Sits	536.0	570.3	+0.9	-
Technology	458.3	487.6	+4.4	-
Extra Inc Fd.	317.3	337.6	-0.8	-
Convertible & Gilt Fd.	149.7	159.3	+1.1	-
American Income	177.5	188.9	+1.1	-
Gilt Fund 20	438.3	466.3	-0.2	-
European Fund	115.2	122.6	-0.8	-
Pref & Fixed Int	110.1	117.2	+0.2	-
UK Blue Chip	117.2	123.6	-0.3	-
Recovery Fund	111.5	117.5	+0.6	-
Equity Income Dist.	104.2	110.9	+0.3	5.00
Managed Dist.	99.6	106.0	+0.3	5.23
High Yield Dist.	101.4	106.9	+1.0	7.44
Pension Funds				
Balncd Gth Mgd Pens Acc.	754.7	794.5	+4.0	-
Adventurous Mgd Pens Acc.	163.5	172.2	+0.7	-
Cautious Mngd Pens Acc.	142.4	149.9	+0.7	-
Building Soc. Acc.	363.7	382.9	..	-
Property Pens. Acc	294.2	309.7	..	-
Fix Int. Pens. Acc.	628.7	661.8	+0.5	-
Equity Pens. Acc.	956.4	1006.8	+6.5	-
International Pens Acc.	304.2	320.3	+0.9	-
High Inc Pens Acc.	647.9	682.1	+1.9	-
Tech Pens Acc.	323.0	340.1	+5.7	-
N American Pens Acc.	338.5	356.4	+3.6	-
Far Eastern Pens Acc.	430.0	452.7	+0.8	-
Special Sits Pens Acc.	437.6	460.7	+3.0	-
Extra Income Pens Fd.	386.5	406.9	+1.7	-
Convertible & Gilt Pen	183.1	192.8	+2.4	-
American Inc Pens	202.9	213.6	+1.6	-
European Pens.	127.7	134.5	-0.9	-
Managed Cash Pens	171.1	180.2	..	-
Pref & Fixed Pens.	128.1	134.9	+0.2	-
UK Blue Chip	124.4	131.0	..	-
Recovery Fund	118.8	125.1	+0.8	-
Unitised With Profits Pens	107.7	113.4	..	-
Other Funds				
Margetts Growth	117.7	123.9	..	-
Margetts Income	120.3	126.7	-0.1	-
Margetts Pension	128.2	135.0	..	-
MCH Managed	118.3	124.6	..	-
M&S Select Mngd	104.6	110.2	+110.2	-
JMJ Managed Pension	124.5	131.1	-0.3	-
IAS Managed	114.3	120.4	-0.1	-
Tomkinson Retirement P'folio	106.1	111.7	+0.5	-
FJC Property	152.6	160.7	+0.6	-
Cap Retirement P'folio	131.6	138.6	+0.3	-
Pembroke Intl	95.6	100.7	-0.5	-
Map Retirement Portfolio	96.9	102.1	+0.2	-
IAS Pension Managed	138.4	145.7	..	-
Capital Income & Growth	114.0	120.1	..	-
Map Balanced Asset	109.2	115.0	+0.1	-
Countrywide Managed Pens.	102.8	108.3	+0.1	-
Invest Bureau Inc & Grth	102.1	107.5	..	-
Tomkinson Investment Pfolio 2	102.7	108.2	+0.5	-

Prosperity Life Assurance Ltd

1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690585

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	162.0	171.0	+0.5	-
Accum Equity	245.0	258.5	+1.0	-
Accum Managed	252.0	266.0	+1.0	-
Accum Five Star	175.0	185.0	+0.5	-
Accum World	136.5	144.0	+0.5	-
Accum Emerg Mkts	201.5	213.0	-0.5	-
Pens Acc Equity	272.0	287.0	+1.0	-
Pens Acc Managed	325.5	343.5	+1.0	-
Pens Acc Emerg Mkts	232.0	244.5	-1.0	-
Pens Acc Deposit	230.0	243.0	..	-
Pens Acc Five Star	192.5	203.5	+0.5	-

Providence Capitol Life Assc. Co Ltd

2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	251.5	265.4	(z)	-
UK Fixed Int Acc.	214.2	226.0	(z)	-
Intl Equities Acc.	199.8	210.8	(z)	-
UK Managed Acc.	185.1	195.2	(z)	-
Property Acc	221.8	234.0	(z)	-
Money Acc.	144.0	151.9	(z)	-
Special Market Acc	182.9	193.0	(z)	-
Japan Equity Acc.	88.2	93.1	(z)	-
North American Acc.	141.2	149.0	(z)	-
Pacific Acc.	116.6	123.0	(z)	-
European Acc.	107.5	113.4	(z)	-
Hong Kong Acc.	97.4	102.8	(z)	-
Int Fixed Interest Acc.	71.1	75.1	(z)	-
Int Managed Acc.	64.6	68.1	(z)	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd.	167.9	176.8	+0.1	-
Equity Acc Fd.	399.5	420.4	+0.8	-
Managed Acc Fd.	350.3	368.7	..	-
Prop Fd (1st Issue)	-	624.1	..	-
Prop Acc Fd (2nd Iss)	120.9	127.2	..	-
Unit Trust Mn. Fd	158.5	166.9	..	-
RL Pension Funds				
Deposit Acc	243.6	256.4	+0.2	-
Equity Acc	296.4	312.0	+0.6	-
Fixed Int Acc.	245.6	258.6	..	-
Gilt Indx Lnk Acc.	184.6	194.3	..	-
Managed Acc	382.0	402.2	..	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	112.6	118.6	+0.2	-
JRA/Scottish Amicable Mngd	108.2	113.9	+0.2	-
JRA/St James's Place Mngd	114.9	121.0	+0.1	-
Deposit	100.2	105.5	..	-
Far East	112.7	118.7	+0.6	-
Gilts	105.8	111.4	+0.1	-
Greater European	108.7	114.5	-0.1	-
North American	130.7	137.6	+1.1	-
UK Equity	112.5	118.5	+0.2	-
Pension Funds				
JRA/M&G Managed cap.	110.7	116.6	+0.2	-
JRA/M&G Managed acc.	114.4	120.5	+0.3	-
JRA/Scottish Amicable Mngd cap.	105.7	111.3	+0.2	-
JRA/Scottish Amicable Mngd acc.	109.2	115.0	+0.2	-
JRA/St James's Pl Mngd cap.	117.9	124.2	..	-
JRA/St James's Pl Mngd acc.	121.5	128.0	+0.1	-
Deposit cap	100.0	105.3	-0.5	-
Deposit acc.	103.3	108.8	..	-
Far East cap	109.0	114.8	+0.6	-
Far East acc.	112.6	118.6	+0.6	-
Gilts cap.	103.4	108.9	+0.1	-
Gilts acc.	106.8	112.5	+0.1	-
Greater European cap.	108.5	114.3	-0.2	-
Greater European acc.	112.1	118.1	+0.2	-
North American cap	133.0	140.1	+1.4	-
North American acc.	137.5	144.8	+1.5	-
UK Equity cap.	110.1	115.9	+0.3	-
UK Equity acc.	113.8	119.8	+0.4	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		593.8	..	-
Multi Gwth A Cap	388.1	408.5	..	-
Multi Gwth A Accum.	593.8	625.1	..	-
Op Prop	406.7	428.2	..	-
Op Equity	834.7	878.7	+4.8	-
Op High Yld	501.8	528.3	-0.7	-
Op Man.	664.2	699.2	+4.4	-
Op Dep.	369.2	388.7	+0.3	-
Op Inc Dist	198.0	208.5	-0.2	-
Op Itn Man.	363.0	382.2	+2.8	-
Op Emerging Co's	347.5	365.8	+4.5	-
Op Money	102.8	108.3	+0.1	-
European	97.6	102.8	..	-
Pension Funds				
Property Ser B.	760.1	800.2	..	-
Equity Ser B.	2573.4	2709.4	+0.9	-
Fixed Interest Ser B.	945.0	994.8	-1.2	-
Managed Ser B	1287.1	1354.9	+1.9	-
Deposit Ser B.	777.6	818.6	..	-
Money Ser B	102.3	107.7	..	-
Property Ser D		198.4	..	-
Equity Ser D		176.9	..	-
Fixed Interest Ser D		239.4	-0.3	-
Managed Ser D.		167.4	+0.2	-
Deposit Ser D		234.6	..	-
Money Ser D.		109.4	..	-
Pension Unit Trust Funds				
Gartmore Global Ser B	204.8	215.6	-0.1	-
Gartmore NA Ser B	142.1	149.6	..	-
Gartmore Pacific Ser B	349.1	367.5	+0.4	-
Henderson Acc Ser B.	210.2	221.3	+0.3	-
Perpetual Mng Ser B	233.8	246.2	+0.3	-
Framlington Mn Ser B	205.7	216.6	+1.8	-
Gartmore Mngd Ser B.	243.6	256.5	+1.0	-
Gartmore Euro Ser B	155.3	163.5	-0.7	-
Gartmore Global Ser D		132.2	..	-
Gartmore NA Ser D		165.4	+0.1	-
Gartmore Pacific Ser D		188.2	+0.2	-
Henderson Acc Ser D		159.6	+0.3	-
Perpetual Mng Ser D.		175.4	+0.3	-
Framlington Mn Ser D		168.7	+1.5	-
Gartmore Mngd Ser D.		205.6	+0.9	-
Gartmore Euro Ser D		122.0	-0.8	-
Baring Funds				
Eastern	272.0	286.4	-0.7	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Grs
IBI Global Funds Limited				
Intl Stlg Gwth	£20.94	22.05		
Intl $US Gwth	$17.83	18.78		
High Income Gilt	£26.01	26.97		
International Equity	£21.23	22.36		
International Bond	£22.88	23.72		
Managed Currency	£27.61	27.90		
Sterling Currency	£26.53	26.81		
US$ Currency	$37.79	38.18		
Irish £ Currency	I£15.32	15.49		
K & R Fund Managers Ltd				
LFM Sterling Fd	£11.07	11.54		
K.F. Offshore Inc Fd Ltd	£11.71	12.24		
Target International (Isle of Man) Ltd				
IMG Offshore Fd	£9.42	10.19		
	£9.53	9.91		

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		£-21.2644	21.2831		
Managed Capital Stg	5		£-21.3249	21.3440		
AIB Gruland Currency Fund Limited						
Stlg Mngd Currency	5		£-	11.0229		
Sterling Currency Fd	5		£-	10.5874		
Ecu Currency	5		Ecu-	10.7423		
US Dollar Mngd Curr	5		$-	21.5549		
Barclays International Funds						
PO Box 152 St Helier, Jersey CI 0534 67888						

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloyds Intl World Inc Port	£2.529	2.656		1.32
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge	£10.00	10.04		9.36
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Dec 31	$13.36	13.64		2.93
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	53.7	56.0		7.80
UK Equity Fd	224.6	239.0		2.68
Intl Bond Fd	97.0	100.0		7.07
Sterling Mngd Assets Fd	558.7	589.0	+0.03	5.00
NatWest TrustCorp Currency Fund Ltd				
Dollar Class	$38.2282		-0.0025	
Sterling Class	£27.0260		+0.0032	
D-Mark Class	DM103.9493		+0.0391	
Japanese Yen Class	Y7973.7775		+0.5044	
Ashburton Replica Portfolio Ltd				
	11.20	11.66		
	$10.21	10.60		
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Dec 31	$33.51	35.63		
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.8399	4.0765		
Offshore Japanese Gwth Fd	$0.9105	0.9676		
Offshore Am Gwth Fd	$6.6272	7.0488		
Offshore Emerging Co	$3.9028	4.1476		
Offshore European Fd	$1.4985	1.5925		
Offshore Global Bond	$0.9562	0.9961		
Offshore Global Bond Acc	$0.9562	0.9961		
Offshore Far Eastn Fd	$2.2442	2.3850		
Offshore UK Growth Fd	$1.9798	2.1040		
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Dec 18		$4.35		

LUXEMBOURG (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -
Cresvale Group (u)					
11 Rue Aldringen, L-1118 Luxembourg					
DB Investment Management					
2 Boulevard Konrad Adenauer, Lux					
Eurorenta			DM-	80.98	
DM Reserve			DM-	146.07	
Dollarrenta			$-	53.94	
Den norske Bank					
Disa Income Fund					
Dresdnerbank Asset Mngmt SA					
13 Rue Beaumont, L-1219 Luxembourg					
E.T. Investment Management					
13 Rue Goethe, BP 413, Luxembourg					
Eagle Star - Global Assets Fund					
5 Rue Aldringen L-1118 Luxembourg					
Dealing UK 0624 661100					

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
European Warrants	$4.86	5.15	+0.10	
Managed	HK$10.75	11.38	+0.03	
Private Capital Tst		$19.97	+0.05	
China Fund		$9.99		
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$12.89	13.53		
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs		$11.81	-0.04	
Wells Fargo B Shs		$11.64	-0.07	
Worldwide Limited				
NAV Nov 30		$90.84		
Xiphias International Investment Fd Ltd				
Xiphias Int Cl A		$1.1442		
Xiphias Int Cl B		Ecu1.1290		
Xiphias Int Cl C		Ecu1.0209		
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund		$12.40		

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. y Previous day's price. §§ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd Ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission. Ireland: Central Bank of Ireland. Isle of Man: Financial Supervision Commission. Jersey: Financial Services Department. Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention to support franc

BOTH THE BUNDESBANK and the Bank of France intervened on the foreign exchanges in support of the French franc yesterday, as dealers indicated that they may be prepared to carry out the threatened New Year speculation against the French currency, *writes James Blitz.*

The intervention by both central banks was estimated to be on the modest side, and, by the close of European trading, the franc was at FFr3.419 against the D-Mark, still more than a centime above its floor against the German currency in the Exchange Rate Mechanism.

But the French franc's weakness was underlined by the fact that it fell by more than a centime on the very same day that the dollar enjoyed one of its strongest rallies since the autumn currency crisis.

In the past, the dollar's strength has helped to ease ERM tensions. But, yesterday, buoyed by a very good set of US economic indicators over the Christmas and New Year period, the dollar peaked at DM1.6413. It closed at DM1.1.6365, up nearly two pfennigs on the day.

There was a feeling yesterday that the foreign exchange market was still not operating at full speed. Not all dealers have returned from holiday, and Mr Steve Hannah, head of research at IBJ International in London, said that many analysts were waiting to see whether the Bundesbank would ease rates at its council meeting on Thursday. Mr Hannah admitted, however, that the prospect of this was small.

The quietness of trading was not enough to stop a number of alarm bells going off in the ERM, however. The first was a sharp rise in French money market rates, with the overnight rate seen as high as 13½ per cent yesterday. The Bank of France did not raise its intervention rate, although a sustained period of high market rates would make this unavoidable.

The Irish punt also came under renewed pressure on the first full day of trading after the abolition of exchange controls on January 1. The 1 week rate in the Irish punt market rose to 45 per cent as the currency fell to its ERM floor against the Belgian franc.

Outside the ERM, the Italian lira was a notable loser from D-Mark strength, falling from L929.6 to the D-Mark from a previous L909.5.

Mr Jim O'Neill, head of research at Swissbank in London, cautioned against the belief that a dollar rally might ease ERM tensions and save the franc.

First, he believes that the dollar's rally may signify a flight out of European currencies altogether, as ERM turbulence continues, rather than a move out of the D-Mark.

He also believes that the Bundesbank will be increasingly concerned by the prospect of imported inflation if the dollar continues to gain strength against the German currency. "Dollar strength could make an easing less likely," he said.

£ IN NEW YORK

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate:£99.60 $66.60

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	175.652	-3.59	4.78	55
Spanish Peseta	143.386	138.865	-3.15	4.31	49
Belgian Franc	40.6304	40.1543	-1.17	2.22	[illegible]
Dutch Guilder	2.21958	2.19535	-1.09	2.13	36
D-Mark	1.96992	1.95268	-0.88	1.91	34
Danish Krone	7.51410	7.57864	0.86	0.16	-65
French Franc	6.60683	6.67240	0.99	0.03	-75
Irish Punt	0.735334	0.742828	1.02	0.00	-62

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4935 - 1.5090	1.5020 - 1.5030	0.54-0.52cpm	4.23	1.37-1.34pm	3.61
Canada	1.9090 - 1.9255	1.9205 - 1.9215	0.19-0.06cpm	0.78	0.19pm-0.01dis	0.19
Netherlands	2.7430 - 2.7700	2.7600 - 2.7700	¼-½cdis	-1.36	½-¾dis	-1.08
Belgium	49.90 - 50.75	50.65 - 50.75	5-9cdis	-1.66	14-21dis	-1.38
Denmark	9.4820 - 9.5425	9.5325 - 9.5425	8¾-12¼oredis	-12.98	18-22¼dis	[illegible]
Ireland	0.9300 - 0.9365	0.9355 - 0.9365	3.60-2.30ppm	37.82	[illegible]	17.09
Germany	2.4485 - 2.4640	2.4550 - 2.4600	⅜-½pfdis	-2.14	1-1¼dis	-1.73
Portugal	220.40 - 222.55	220.70 - 221.70	149-189cdis	-9.17	430-522dis	[illegible]
Spain	172.75 - 174.80	174.40 - 174.70	116-125cdis	-8.28	323-341dis	-7.61
Italy	2228.90 - 2291.60	2284.00 - 2285.00	10-13liredis	-6.04	32-34dis	-5.78
Norway	10.4420 - 10.5280	10.4775 - 10.4875	5¾-7¼oredis	-7.08	11⅝-14⅛dis	[illegible]
France	8.3455 - 8.4075	8.3975 - 8.4075	4-4⅞cdis	-6.34	10½-11½dis	-5.24
Sweden	10.6730 - 10.8030	10.7900 - 10.8000	2⅞-3⅞oredis	-3.75	7¼-8½dis	-2.92
Japan	187.40 - 188.75	187.75 - 188.75	⅝-½ypm	3.59	1⅝-1½pm	3.32
Austria	17.18 - 17.32	17.24 - 17.27	1¼-2⅛grodis	-1.52	5⅞-7¼dis	-1.56
Switzerland	2.2100 - 2.2275	2.2175 - 2.2275	⅛-⅛pm	1.01	⅝-⅜pm	0.90
Ecu	1.2545 - 1.2615	1.2590 - 1.2600	0.32-0.40cdis	[illegible]	0.97-1.12dis	-3.32

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.39-2.34pm . 12 Month 3.80-3.70pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
DM	0.407	0.611	1	76.61	3.419	0.904	1.12[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.311	7.982	13.05	1000.	44.63	11.81	14.6[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.190	1.789	2.925	224.1	10.	2.645	3.29[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.450	0.676	1.106	84.71	3.780	1	1.244	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N FL.	0.362	0.544	0.889	68.10	3.039	0.804	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.438	0.658	1.076	82.41	3.677	0.973	1.210	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C$	0.521	0.782	1.280	98.02	4.374	1.157	1.439	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.972	2.964	4.848	371.4	16.57	4.385	5.454	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pta	0.573	0.861	1.408	107.8	4.813	1.273	1.584	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	0.794	1.193	1.951	149.4	6.669	1.764	2.194	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

MONEY MARKETS

French rates rise

EUROPEAN money market dealing yesterday got off to a lively start after the New Year holiday, with many traders trying to work out the Bundesbank's intentions for monetary policy, *writes James Blitz.*

As expected, the return to full trading was accompanied by renewed pressure on the French franc and the Irish punt inside the European exchange rate mechanism. Both currencies came under speculative pressure, and there were sharp rises in their cash rates.

UK clearing bank base lending rate
7 per cent
from November 13, 1993

In the early morning, trading across Europe was quite bullish, and some London-based dealers even wondered whether the March short-dated sterling contract might break through the 93.50 barrier following the UK prime minister's weekend comment that sterling would not return to the ERM this year.

That bullish sentiment was broken later in the morning by the Bundesbank's announcement that it will hold a securities repurchase tender at variable rates for 15 days and 29-days today.

In recent months, the Bundesbank has restricted itself to issuing two-week repos to give itself greater flexibility. A strong view in the market was that the longer duration of today's repo has scotched any hopes that the Bundesbank would cut rates at this week's council meeting. "Why invite offers to tie up funds for nearly a month if they are planning to cut rates this week?" asked one dealer.

However, one analyst suggested that the 29-day repo could be a convenient excuse for bringing the Bundesbank's repurchase rate down to the lower levels in the money market periods. Both 2- and 3-month money were trading yesterday as low as 8.65 per cent.

The news had a negative effect on the March Euromark contract, pushing it down 6 basis points from its opening level to a low of 92.18. It later recovered to close at 92.20.

The March French franc contract was worse hit, because the news helped to weaken the French franc to a low of FFr3.4175. The contract tumbled 35 basis points to a low of 90.38 before closing at 90.48.

French cash rates firmed sharply yesterday, with overnight rates seen as high as 13 per cent at one stage, and closing at around 12 per cent.

In the sterling market, 3-month money closed unchanged at 7$\frac{1}{16}$ per cent.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	10⅞-11¼	11¼-12¼	-	11-12	[illegible]	9.10
Zurich	6-6¼	6-6¼	-	5⅞-6	-	-
Amsterdam	8.50-8.63	8.33-8.43	-	8.13-8.23	-	-
Tokyo	3⅞-3⅝	3⅝-3⅞	-	-	-	-
Milan	12½-12⅞	12⅞	-	12⅞-13	-	-
Brussels	8.44-8.56	8¼-8¼	-	8½-8½	-	-
Dublin	16-18	20-21	17½-18½	16½-17½	14-15	-

LONDON MONEY RATES

Jan 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7½	7½	7¼	7$\frac{3}{16}$	7$\frac{1}{16}$	6⅞
Interbank Bid	5	7¼	7$\frac{1}{8}$	7	6$\frac{13}{16}$	6¾
Sterling CDs	-	-	7$\frac{3}{32}$	7	6$\frac{13}{16}$	6¾
Local Authority Deps.	7¼	7¼	7$\frac{1}{16}$	7	6⅞	6¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	7¼	7¼	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	6$\frac{15}{16}$	7	6$\frac{13}{16}$	6¾
Treasury Bills (Buy)	-	-	6⅝	6$\frac{7}{16}$	6$\frac{5}{16}$	-
Bank Bills (Buy)	-	-	6$\frac{13}{16}$	6$\frac{11}{16}$	6½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.18	3.24	3.39	3.80
SDR Linked Dep. Offer	-	-	5$\frac{3}{8}$	5¼	5¼	5¼
SDR Linked Dep. Bid	-	-	5⅞	5⅛	5⅛	5
ECU Linked Dep. Offer	-	-	10½	10½	10¼	9$\frac{3}{8}$
ECU Linked Dep. Bid	-	-	10¼	10¼	10¼	8$\frac{13}{16}$

Treasury Bills (sell); one-month 6⅝ per cent; three months 6½ per cent; six months 6¼ per cent; Bank Bills (sell): one-month 6$\frac{11}{16}$ per cent; three months 6$\frac{9}{16}$ per cent; Treasury Bills; Average tender rate of discount 6.3338 . ECGD Fixed Rate Sterling Export Finance. Make up day December 31 ,1992 . Agreed rates for period January 26, 1993 to February 23 , 1993, Scheme I: 8.38 p.c., Schemes II & III: 8.50 p.c. Reference rate for period December 1, 1992 to December 31 , 1992, Scheme IV&V: 7.232 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7½ from January 1 , 1993: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent; six-nine months 5 per cent; nine-twelve months 5 per cent; Under £100,000 3½ per cent from Nov.16, 1992, Deposits withdrawn for cash 1¼ per cent.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	1.88	-	0.15	0.46	-
112	0.80	1.19	2.18	0.42	0.80	-
113	0.35	0.66	1.63	0.91	-	-
114	0.09	0.35	-	-	1.89	-
115	-	0.17	0.83	-	-	-
Open Int	-	181,321	32,093	-	148,103	19,986

Estimated volume 19,245 † Total Open Interest 381,505
† All Yield & Open interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai.	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.8,042 Set by DANTE

ACROSS

1 A ready source for a story in the news (7,7)
10 Recipient of a booked passage (5)
11 Rough site developed in a reasonable way (9)
12 Exercise done by a prisoner (7)
13 A limit I set for force in emergency (7)
14 Hunts – with success seemingly! (5)
16 Frank gets contract with unlimited resources (4,5)
19 This way for the train (9)
20 Famous Indian, he comes back in, run out (5)
22 Settler distributes mail (7)
25 Old and bald eccentric? Could be (7)
27 Talk of devilled kidneys perhaps? (9)
28 Finished with a dish from Italy (5)
29 The bar, of course (10,4)

DOWN

2 Clothing that is never worn out (9)
3 New rotas for cook (5)
4 Attractive spot discovered by Pooh (5,4)
5 A number get resin from a biblical tree (5)
6 Stock-holder (6,3)
7 Turnabout in the vessel (1,4)
8 Leaving things late? (7)
9 So slim, perhaps, and supple (6)
15 A pact goes to pieces – blame him (9)
17 Look-out man? (9)
18 A show trial (9)
19 I'd a plan to become a knight errant (7)
21 Take off some weight? (6)
23 Imprisoned boxer Tony's knocked out (5)
24 Start court proceedings (5)
26 Such charges may be dropped (5)

Solution to Puzzle No.8,041

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

NETHERLANDS

NETHERLANDS (continued)

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

Price data supplied by Telekurs.

CANADA

TORONTO

3 pm January 4

Quotations in cents unless marked $

MONTREAL

3 pm January 4

INDICES

NEW YORK DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA TORONTO

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. Δ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

**Saturday January 2: Taiwan Weighted Price: (c), Korea Comp Ex. (c)
ψ Subject to official recalculation.

*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

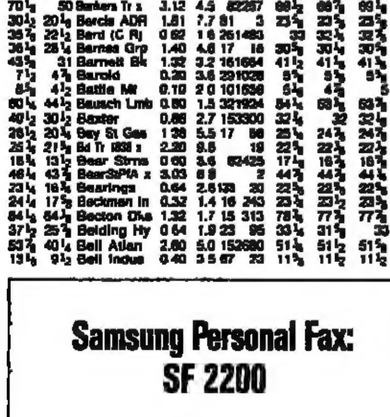
Monday, 4 January, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Isuzu Motor	9.5m	+12	344	Nitto Chem Ind	0.7m		360
Nippon Jutaki	5.9m	+36	318	Toshiba Corp	0.6m	-4	631
Nippon Steel	1.1m	+1	293	Mitsubishi Hvy	0.6m	-1	529
Hitachi	0.8m	+6	757	Toray Ind	0.6m	+10	683
Daimaru	0.7m	-4	600	Nomura Sec	0.6m	-10	1,460

3 pm January 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992–93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10¾	AAR Corp	0.48	4.0	22	410	12	11⅞	12	+⅛
28½	18	A L Labs A	0.18	0.7	160	522	26⅛	25½	25¾	−⅛
68¾	52⅝	AMP Inc	1.52	2.6	21	1446	58¼	57¾	57⅞	−⅛
80¼	54⅜	AMR				134821	67⅛	66⅝	67	−½
2⅜	1⅛	ARX			13	10	1⅞	1⅞	2	
33½	30½	ASA	2.00	6.4	20	383	31⅛	31	31⅛	−⅛
34¼	26⅛	Abbott Lab	0.60	2.0	21	1040	30¾	30⅛	30⅛	−⅛
13⅞	10⅜	Abitibi Pr	0.50	4.4	4	7	11⅛	11⅛	11⅛	−⅛
11⅝	10⅛	ACM Gvt In x	0.36	3.3		206	11	10¾	10⅞	
10⅜	9	ACM GvOpp x	1.21	12.7		21	9½	9¼	9½	+⅛
9¾	8½	ACM Gvt Sp x	0.85	9.6		87	9	8¾	8⅞	−⅛
11⅛	9⅞	ACM Gvt Se x	1.01	9.5		211	10¾	10½	10⅝	
10⅞	8⅝	ACM Man x	1.18	11.7		76	10⅛	10	10⅛	
12⅞	8⅝	ACM Managd x	0.78	8.9		138	8¾	d8⅝	8¾	
11⅞	4¾	Acme Cleve	0.40	4.8	18	27	8¾	8⅜	8¼	−⅛
7⅛	3¾	Acme Elect			137	216	u7⅛	6⅞	6⅞	−¼
33¼	14⅜	Acuson			12	1169	16	15⅞	15¾	
21	18⅛	Adams Expr	1.62	8.2	1	128	20	19¾	19⅞	−⅛
49⅛	29½	Ad Micro	3.00	6.5		66	46¾	46½	46½	−½
21½	7½	Ad Micro P	3.00	16.9		53824	18⅛	17¾	17¾	−¼
9⅛	4⅞	Advest Grp	0.16	2.8	11	156	9¾	5½	5¾	−⅛
42¾	33	Aegon ADR	1.35	3.2	7	5	41⅝	41½	41⅝	
48¾	38	Aetna Lf	2.76	5.9	13	1198	46⅞	46½	46½	
12¾	8⅜	Aflil A	0.24	2.0	18	408	12⅛	11¾	11⅞	−⅛
34⅞	24	Aflac	0.44	1.3	16	1391	u35¾	34¾	35⅛	+⅝
19½	13	Ahmanson	0.88	4.9		84832	18⅞	18⅛	18¼	−1⅛
22½	4	Aileen Inc			12	234	7⅜	7⅜	7½	+⅛
49½	38½	Air Pr Chm x	0.86	1.8	19	2428	47	46¼	46⅞	+⅜
29¼	12½	Airbne Frt	0.30	1.6	102	914	18⅞	18½	18½	−⅛



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NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

3 pm January 4

AMEX COMPOSITE PRICES

3 pm January 4

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

SINGAPORE

The FT proposes to publish this survey on **March 1 1993**

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FT SURVEYS

Continued on next page

AMERICA

Dow retraces early advance by midsession

Wall Street

IN SPITE of more good economic news and a big rally in bond prices, US stock prices were either flat or lower at midsession yesterday, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 6.48 at 3,307.59. The more broadly based Standard & Poor's 500 was up 0.06 at 435.77, while the Amex composite was down 1.71 at 397.52, and the Nasdaq composite 4.15 lower at 672.77. Trading volume on the NYSE was 117m shares by 1 pm, and declines outnumbered rises by 966 to 824.

Prices opened firmer, with the Dow rising almost 15 points in the first 30 minutes as investors went in search of bargains after the New Year's Eve sell-off. The buying, however, quickly petered out, and by mid-morning prices were either flat or slightly negative, with secondary indices particularly weak.

More good economic news – a larger-than-expected 2.1 per cent rise in November construction spending (its highest level for more than two years) – failed to boost sentiment. Investors also ignored a strong bond market, where the benchmark 30-year government issue was up almost three quarters of a point.

Market watchers said that investors were probably holding their fire in advance of Friday's important jobs data, which is expected to give the best reading yet on the state of the economic recovery.

Among individual stocks, leading industrial issues were mostly firmer. IBM, which took a dreadful beating in 1992, started the new year on a positive note, climbing $½ to $50⅞ in volume of 1.6m shares.

Merck rose $½ to $44, Eastman Kodak put on $¾ to $41¼ and Du Pont added $⅜ to $47½.

Motor stocks were buoyant, aided by hopes that consumer spending will pick up this year. General Motors firmed $⅜ to $32⅞, Ford climbed $⅞ to $43⅜ and Chrysler put on $¼ to $32.

Helene Curtis rose $1¼ to $43¼ after the Chicago-based cosmetics company announced a fiscal third-quarter profit of 44 cents a share, up from 36 cents a share a year earlier. Hubco was also notably stronger, up $¾ to $18⅞ on the American Stock Exchange amid reports that analysts' estimates of $1.70 for 1993 earnings could be far too conservative.

On the Nasdaq market, selected leading technology stocks eased. Microsoft fell $½ to $84⅞, Apple dropped $1⅝ to $58⅞, and Intel slipped $⅜ to $86⅞.

SAO PAULO saw another spurt in Brazilian equities, the Bovespa index rising 5,186, or 7.6 per cent, to 72,991 by the early afternoon.

Canada

TORONTO was weaker at midsession as the bullion price reached a seven-year low. The TSE-300 index was 7.6 lower at 3,342.9 in volume of 14m shares valued at C$116.3m. Declines led advances by 146 to 215, with 199 issues unchanged.

Pegasus Gold fell C$⅞ to C$17⅞ while American Barrick dropped C$⅝ to C$38⅝.

Elsewhere, Newbridge Networks slipped C$1⅞ to C$50⅞ and TransCanada PipeLines lost C$⅛ to C$17⅛.

SOUTH AFRICA

A LOWER bullion price depressed sentiment as the gold index lost 13 to 786, the overall index fell 7 to 3,252 and industrials weakened 4 to 4,359. De Beers bucked the easier trend, adding 25 cents at R57.75.

EUROPE

Bourses open new year in mixed fashion

CONTINENTAL bourses started 1993 in a mixed fashion, *writes Our Markets Staff.*

FRANKFURT, not widely fancied as a prospect for 1993, started the new year by giving up most of the gains it made on window-dressing last week. The DAX index closed 13.72 lower at 1,531.33 as turnover fell from DM3.8bn to DM2.3bn.

Sunday's resignation of the economics minister, Mr Jürgen Möllemann, added to negative sentiment created by the poor outlook for the German economy. Retailers were weak as the January sales started, Karstadt dropping DM18 to DM482.

PARIS eased in thin trading as a rise in short-term interest rates fanned fears of a possible rise in headline rates to defend the franc. There were reports of central bank intervention to support the French currency yesterday. The CAC-40 index fell 14.70 to 1,843.08 in low turnover of FFr1.2bn.

Elf fell FFr6.20 to FFr356 and BSN ended FFr9 to FFr945.

MILAN ended firmer in thin trading and the best performers were banking shares and other privatisation candidates. The Comit index was estimated at 451.86, up 5.53, but an official figure was not available. Turnover was estimated at L165bn after L145bn on December 31.

Credito Italiano rose L109 to L3,269 and Banca Commerciale Italiana added L98 to L4,838.

ZURICH extended its good run of 1992 with the SMI index 10.7 higher at 2,117.7. Among banks, CS Holding rose SFr40 to SFr2,170 and SBC bearers by SFr7 to SFr308. Trading in Swiss Volksbank was suspended at the request of the bank which plans to make a "positive" announcement tomorrow.

AMSTERDAM was encouraged by a firmer dollar, with the financial sector making strong gains. The CBS Tendency index closed 0.1 higher at 95.5. ING, up Fl 1.20 to Fl 55.80, and Aegon, Fl 1.30 higher at Fl 76.50, both finished at new 12-month highs. Hoogovens went against the trend, losing Fl 1.10 to Fl 21.90.

STOCKHOLM greeted the new year with a 1.9 per cent rise, largely due to the stronger dollar. OSLO and HELSINKI followed suit with, respectively, the composite index up 7.26 to 379.38 and the Hex 21.06 better at 850.06.

Sweden's Affärsvärlden general index added 17.4 to 930.0 in moderate turnover of SKr400m. Volvo B shares advanced SKr15 to SKr358 despite the release of statistics indicating that new car registrations fell 23 per cent in December and that total registrations for 1992 were the lowest since 1958.

VIENNA lost some 3 per cent on institutional selling. The ATX index fell 24.68 to 723.02 with OMV declining Sch26 to Sch590.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

January 4 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1081.71	1083.30	1083.82	1082.52	1082.44	1081.53	1083.97	1083.42
FT-SE Eurotrack 200	1168.96	1170.84	1171.23	1170.60	1169.04	1170.44	1173.18	1174.71

	Dec 31	Dec 30	Dec 29	Dec 24	Dec 23
FT-SE Eurotrack 100	1083.35	1084.02	1086.47	1078.93	1073.60
FT-SE Eurotrack 200	1169.11	1166.76	1167.59	1160.29	1154.31

Base value 1000 (26/10/90) High/day: 100 - 1084.05; 200 - 1175.29 Low/day: 100 - 1081.04 200 - 1167.65 .

ASIA PACIFIC

Nikkei makes small gain at start of 1993

Tokyo

INTEREST in equities was slack on the first trading day of the year, and the Nikkei average gained marginally in the half-day session, *writes Emiko Terazono in Tokyo.*

The 225-issue average finished 69.13 higher at 16,994.08 after a low of 16,875.09 and high of 17,034.01. Volume fell to 80m shares from the 113m recorded on December 30. Declines led rises by 472 to 356, with 201 issues unchanged. The Topix index of all first section stocks shed 1.85 to 1,305.81, and in London the ISE/Nikkei 50 index rose 4.06 to 1,067.63.

A weak futures market prompted index-linked selling by arbitrageurs, which was offset by public fund buying. Reports of financial assistance by the authorities for ailing financial institutions over the holidays triggered some short-term trading by dealers.

Taiheiyo Bank, a regional bank based in Tokyo, was the day's biggest gainer, rising Y40 to Y339 on a report that the Bank of Japan will provide Y60bn for its restructuring.

Nippon Housing Loan, the leading housing loan company, gained Y36 at Y318 on reports that financial authorities were considering allowing ailing housing loan companies to shift their bad loans to a new company.

Isuzu Motors was the most active stock, rising Y12 to Y344 on rumours of changes in management.

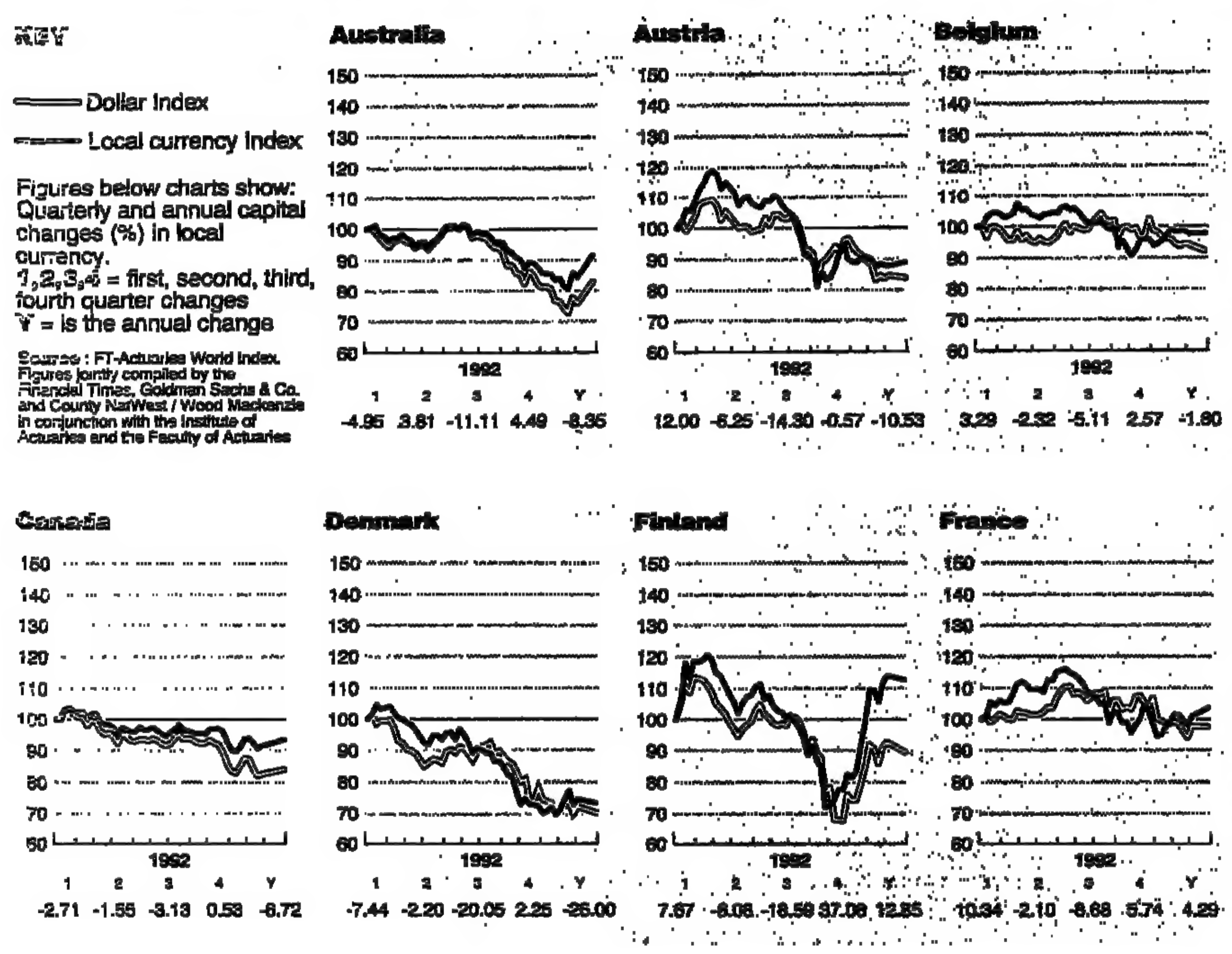
In Osaka, the OSE average fell 98.42 to 18,584.25 in volume of 12.1m shares.

Roundup

PACIFIC RIM markets were generally stronger in the first session of the new year. However, HONG KONG went against the trend after China again sought the withdrawal of Governor Chris Patten's democratic reform proposals. The Hang Seng index lost 74.59, or 1.35 per cent, to 5,437.80 in thin turnover of HK$956m.

BOMBAY was another loser in its first session for 10 days: the BSE index slipped 75.70 to 2,539.67 but volume was reported to be low.

HOW THE WORLD MARKETS PERFORMED IN 1992

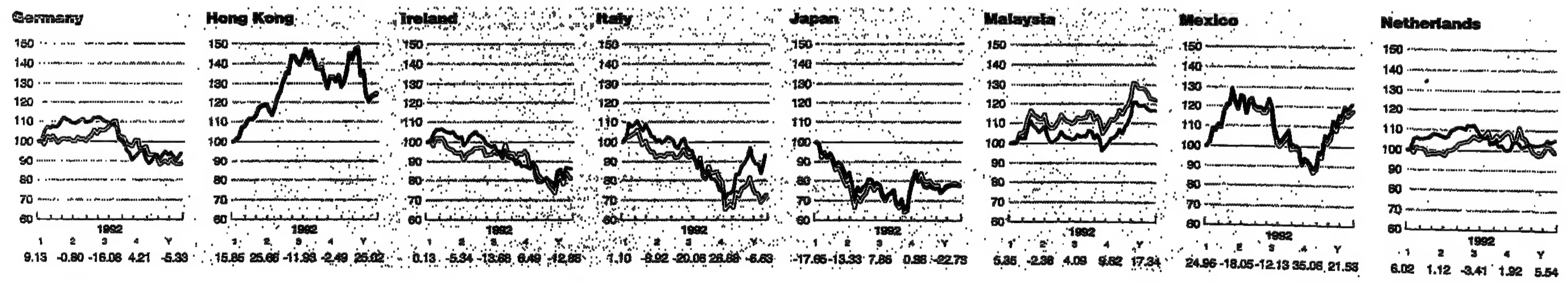


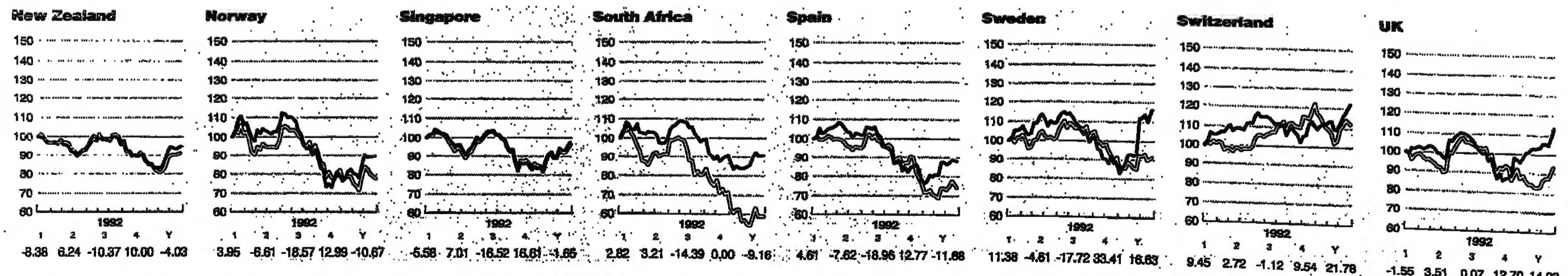
FT-ACTUARIES WORLD INDICES

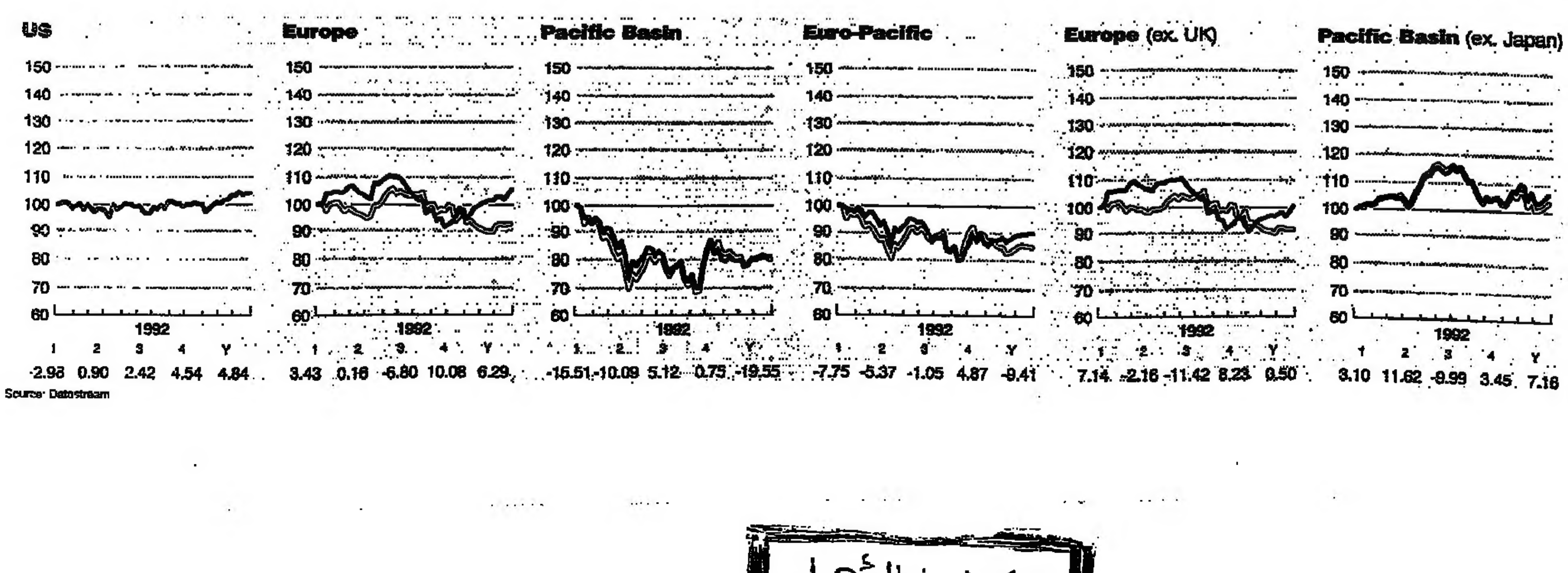
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	THURSDAY DECEMBER 31 1992: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY DECEMBER 30 1992: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1992/93 High	1992-93 Low	Year ago (approx)
Australia (68)	125.12	+0.5	122.52	98.74	105.35	121.00	+0.7	4.02	124.48	122.02	98.00	104.45	120.13	153.68	108.18	149.69
Austria (18)	140.16	+0.1	137.25	110.61	118.01	117.39	+0.0	2.08	140.03	137.27	110.25	117.51	117.39	186.70	134.91	166.19
Belgium (42)	133.23	-0.3	130.46	105.13	112.17	109.24	+0.0	5.24	133.63	130.98	105.20	112.13	109.24	152.27	133.23	144.94
Canada (113)	115.64	+0.5	113.24	91.28	97.36	106.47	+0.7	3.19	115.10	112.82	90.61	96.57	105.72	142.12	111.36	136.13
Denmark (34)	186.12	-0.4	182.26	146.89	156.71	158.84	+0.0	1.72	186.94	183.24	147.18	156.66	158.84	273.94	181.70	268.57
Finland (15)	69.61	+0.1	68.17	54.94	58.61	76.41	+0.0	1.65	69.55	68.17	54.76	58.36	76.41	89.80	52.84	79.84
France (99)	147.16	-0.4	144.12	116.14	123.91	127.55	+0.1	3.54	147.71	144.79	116.29	123.94	127.44	168.75	136.93	148.17
Germany (64)	104.04	-0.3	101.88	82.12	87.60	87.60	+0.0	2.59	104.40	102.33	82.20	87.60	87.60	129.69	102.51	118.68
Hong Kong (53)	221.56	+0.7	216.96	174.85	186.55	220.21	+0.7	4.09	219.98	215.63	173.19	184.60	218.61	262.28	176.36	175.63
Ireland (16)	135.78	-0.7	132.96	107.16	114.32	117.88	-0.2	4.65	136.70	134.00	107.63	114.71	118.06	173.71	122.98	170.96
Italy (77)	54.87	-1.2	53.73	43.30	46.20	60.38	-0.9	3.44	55.56	54.46	43.74	46.62	60.94	80.66	47.47	74.73
Japan (472)	105.03	-0.2	102.85	82.89	88.44	82.89	+0.0	1.01	105.28	103.20	82.89	88.35	82.89	140.95	87.27	136.26
Malaysia (69)	261.45	-0.4	256.04	206.34	220.14	263.38	-0.3	2.52	262.56	257.37	206.71	220.32	264.08	282.42	212.49	212.70
Mexico (18)	1647.91	-0.1	1613.72	1300.52	1387.50	5621.41	-0.1	1.07	1649.77	1617.15	1298.87	1384.35	5627.78	1789.77	1185.84	1378.91
Netherland (25)	151.40	-0.3	148.26	119.48	127.48	125.69	+0.0	4.52	151.90	148.90	119.59	127.47	125.69	169.70	147.88	154.68
New Zealand (13)	42.89	-0.3	42.00	33.85	36.11	44.31	-0.3	5.03	43.01	42.16	33.86	36.09	44.43	48.52	37.39	46.77
Norway (22)	137.71	+0.0	134.85	108.68	115.95	129.30	+0.0	1.86	137.66	134.94	108.38	115.52	129.30	192.95	128.05	161.67
Singapore (38)	213.36	+1.0	208.94	168.39	179.64	161.30	+1.0	2.04	211.19	207.02	166.27	177.21	159.76	229.63	179.65	218.04
South Africa (60)	148.10	+0.2	145.02	116.88	124.69	157.15	+0.1	3.24	147.83	144.91	116.39	124.04	157.04	263.60	134.21	249.19
Spain (48)	116.61	-0.6	114.19	92.03	98.18	101.20	-0.5	5.98	117.29	114.97	92.34	98.42	101.69	161.72	107.10	150.37
Sweden (31)	165.56	-0.3	162.12	130.66	139.40	173.34	+0.0	2.26	166.08	162.80	130.76	139.37	173.34	200.28	149.69	179.26
Switzerland (60)	113.01	-0.4	110.66	89.19	95.16	102.67	+0.0	2.08	113.51	111.27	89.37	95.26	102.67	122.37	95.99	99.60
United Kingdom (226)	172.36	+0.5	168.78	136.01	145.11	168.78	+0.4	4.39	171.43	168.04	134.95	143.84	168.04	200.07	161.86	185.12
USA (522)	178.10	-0.6	174.40	140.56	149.96	178.10	-0.6	2.87	179.26	175.71	141.14	150.43	179.26	180.06	160.92	169.90
Europe (777)	136.01	+0.0	133.19	107.34	114.53	124.85	+0.1	3.78	136.05	133.35	107.11	114.16	124.68	156.88	131.31	147.31
Nordic (102)	148.29	-0.3	145.22	117.03	124.86	139.09	+0.0	2.07	148.77	145.82	117.12	124.83	139.09	188.52	141.24	183.92
Pacific Basin (713)	109.71	-0.1	107.44	86.59	92.38	88.38	+0.1	1.37	109.88	107.70	86.51	92.20	88.32	141.97	93.70	137.47
Euro—Pacific (1490)	120.35	-0.1	117.86	94.98	101.33	102.98	+0.1	2.47	120.46	118.08	94.83	101.08	102.86	145.21	113.80	141.73
North America (635)	174.22	-0.6	170.61	137.51	146.72	173.24	-0.6	2.88	175.28	171.82	138.02	147.11	174.28	176.04	158.70	167.76
Europe Ex. UK (551)	114.39	-0.4	112.02	90.30	96.34	101.10	-0.1	3.32	114.90	112.62	90.48	96.43	101.19	132.98	111.33	124.70
Pacific Ex. Japan (241)	155.69	+0.5	152.46	122.89	131.10	144.22	+0.6	3.69	154.97	151.91	122.03	130.05	143.41	175.31	146.06	149.39
World Ex. US (1681)	121.45	-0.1	118.93	95.85	102.26	105.01	+0.1	2.49	121.53	119.13	95.69	101.99	104.89	146.91	115.99	143.44
World Ex. UK (1977)	136.49	-0.4	133.66	107.73	114.93	123.44	-0.3	2.45	137.07	134.36	107.92	115.03	123.79	150.58	127.21	148.06
World Ex. So. Af. (2143)	139.66	-0.3	136.76	110.23	117.60	127.11	-0.2	2.65	140.11	137.34	110.32	117.58	127.38	153.05	130.04	150.56
World Ex. Japan (1731)	159.16	-0.3	155.86	125.62	134.03	153.38	-0.3	3.21	159.72	156.56	125.76	134.04	153.61	165.40	151.93	160.66
The World Index (2203)	139.60	-0.3	136.71	110.18	117.55	127.42	-0.2	2.65	140.05	137.28	110.27	117.53	127.69	153.70	130.66	151.29

CONSTITUENT CHANGES TO FINLAND & SWEDEN: Following the abolition of foreign ownership restrictions the following additions will be made with effect from 8/1/93: Cultor Series 1, Huhtamaki K, Kesko, Kone A, Metra A, Metsa-Serla A, Outokumpu A, Stockmann A, Unitas Bank (A & B) (Finland). AGA A, Investor (A & B) and Sydkraft (A & C) (Sweden). The market capitalisations of current constituent lines will be increased with effect from 5/1/93.







EXCHANGE RATES

	End 1st Qtr 1992 $	£	2nd Qtr $	£	3rd Qtr $	£	4th Qtr $	£
Australia	1.3022	2.2600	1.3374	2.5465	1.3983	2.4875	1.4554	2.2035
Austria	11.5500	20.0451	10.7327	20.4354	9.9048	17.6458	11.3904	17.2451
Belgium	33.8095	58.8499	31.3650	59.6999	29.1889	52.0023	33.2232	50.3000
Canada	1.1904	2.0660	1.1962	2.2775	1.2478	2.2230	1.2771	1.9335
Denmark	6.3843	11.0800	5.8574	11.1525	5.4799	9.7625	6.2748	9.5000
Finland	4.4889	7.7905	4.1613	7.9232	4.4930	8.0042	5.2436	7.9387
France	5.5776	9.6800	5.1247	9.7675	4.7826	8.5200	5.5251	8.3650
Germany	1.6451	2.8550	1.5231	2.9000	1.4131	2.5175	1.6199	2.4525
Hong Kong	7.7631	13.4555	7.7265	14.7112	7.6857	13.6920	7.7460	11.7275
Ireland	0.6168	1.0705	0.5717	1.0885	0.5363	0.9556	.6156	.9320
Italy	1241.00	2153.75	1151.52	2192.50	1238.70	2206.75	1473.42	2230.75
Japan	133.10	231.00	125.92	239.75	119.98	213.75	124.83	189.00
Malaysia	2.5847	4.4857	2.5025	4.7647	2.4819	4.4215	2.6182	3.9640
Mexico	3021.85	5244.07	3120.85	5942.10	2992.38	5330.85	3123.10	4728.38
Netherlands	1.8525	3.2150	1.7174	3.2700	1.5928	2.8375	1.8197	2.7550
New Zealand	1.8228	3.1635	1.8353	3.4945	1.8542	3.3032	1.9475	2.9485
Norway	6.4821	11.2150	5.9677	11.3625	5.7452	10.2350	6.9171	10.4725
Singapore	1.6573	2.8762	1.6170	3.0787	1.5819	2.8182	1.6410	2.4845
South Africa	2.8834	5.0042	2.7718	5.2775	2.7907	4.9717	3.0560	4.6267
Spain	103.98	180.45	96.09	182.95	99.19	176.70	114.78	173.75
Sweden	5.9795	10.3775	5.5055	10.4825	5.3073	9.4550	7.0723	10.7075
Switzerland	1.5010	2.6050	1.3747	2.6175	1.2349	2.2000	1.4647	2.2175
UK	0.5762		0.5252		0.5613		.6605	
USA		1.7365		1.9040		1.7815		1.5140

هكذا من الأصل